



RAJ RAYON INDUSTRIES LIMITED

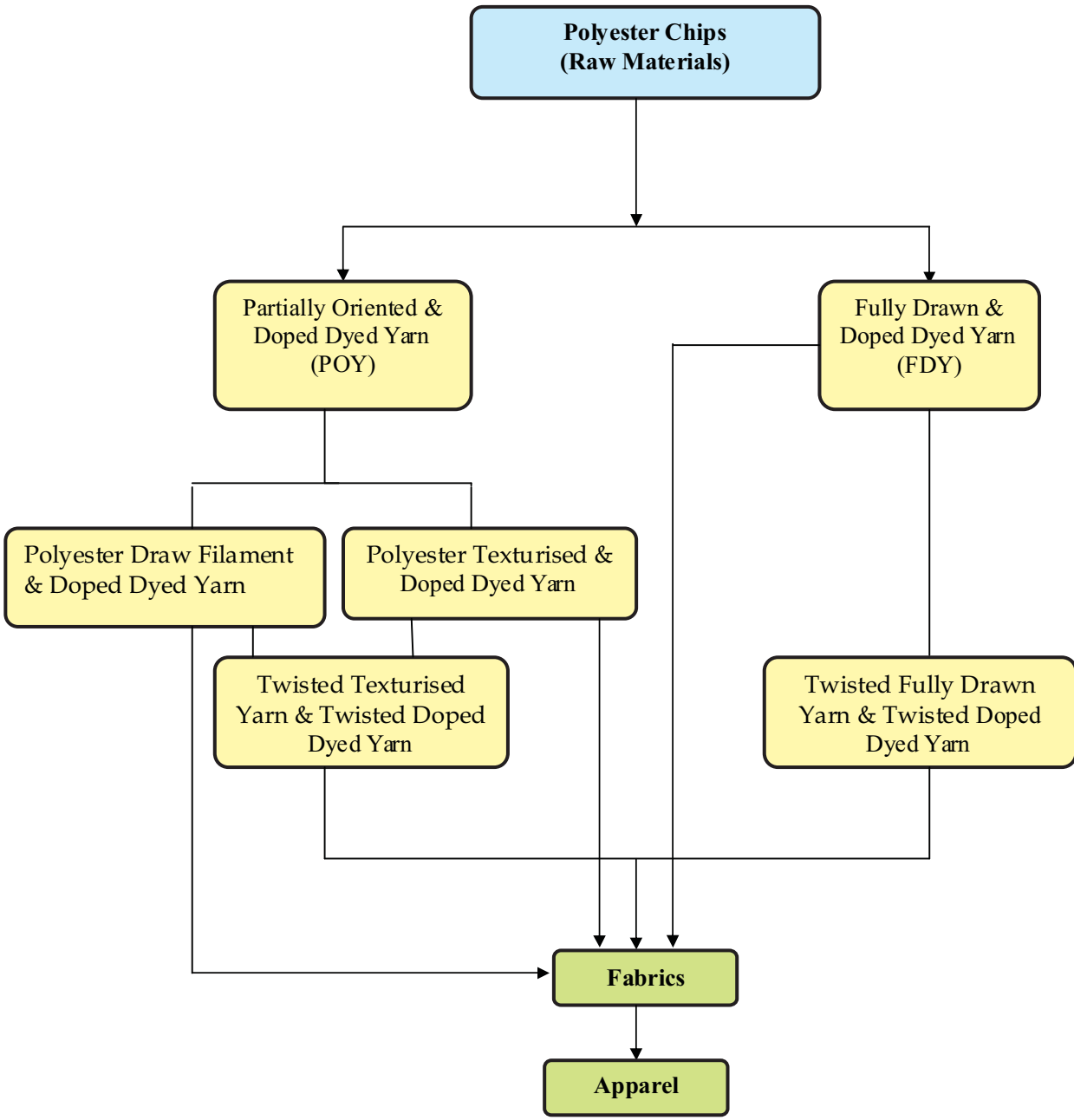
(Formerly known as Raj Rayon Ltd.)

“Spinning the Quality of Perfection”

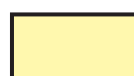


**18th Annual Report
2010 - 2011**

Product Flow Chart of Raj Rayon Industries Limited



Raw Materials Purchased by Company from outside



Products Manufactured by Company

**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MR. GOURISHANKAR PODDAR MRS. RAJKUMARI KANODIA MR. JAGDISH CHANDRA SOMANI MR. VINOD KUMAR JAIN	<i>Chairman & Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
COMPANY SECRETARY	:	MS. GITA YADAV	
AUDITORS	:	M/S. R.S. AGRAWAL & ASSOCIATES	
REGISTERED OFFICE	:	Survey No. 177/1/3 & 177/1/4, Village - Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA) Tel: 91- 09998802192 Fax:-91-0260-2699185 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
CORPORATE OFFICE	:	5-C, 196 & 197, "AKSHAY", Mittal Industrial Estate, Saki Naka, Andheri (East), Mumbai- 400 059, Maharashtra (INDIA) Tel: 91-22- 4034 3434 Fax: 91-22- 4034 3400 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
PLANT LOCATIONS	:	(i) Survey No. 272/1/1, Plot No. 1, Village Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (ii) Survey No. 185/1/1, Plot No.17, Dokmandi, Village- Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (iii) Survey Number 177/1/3 & 177/1/4, Village - Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA)	
REGISTRAR & SHARE TRANSFER AGENT	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078, Maharashtra (INDIA) Tel: 91-22-25946970-78, Fax: 91-22-25946969 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	

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RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of RAJ RAYON INDUSTRIES LIMITED will be held on Thursday, 15th September, 2011 at the registered office of the Company situated at Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist – Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 2011 on equity shares.
3. To appoint a Director in place of Mr. Jagdish Chandra Somani who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s R. S. Agrawal & Associates, Chartered Accountants (Registration No. 100156W) as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.**

"RESOLVED THAT pursuant to Section 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 3 of the Articles of Association, the Authorised Share Capital of the Company be increased from ₹ 30,00,00,000 (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crores) Equity Shares of ₹10 (Rupees Ten) each to ₹ 50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10 (Rupees Ten) each by creating additional 2,00,00,000 (Two Crores) Equity Shares of ₹ 10 (Rupees Ten) each ranking pari passu with existing equity shares of the Company in all respects."

6. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.**

"RESOLVED THAT the Clause V of the Memorandum of Association of the Company be altered in words and figures as follows:

(V) The Authorised Share Capital of the Company is ₹50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10 (Rupees Ten) each.

Any share of the original or increased capital may from time to time be issued with guarantee or any rights or preference whether in respect of dividend or of repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with the shares

previously issued or subject to any provisions or conditions and with any special right or limited rights or without any rights or voting and generally on such terms as the Company may from time to time determine.

The rights of the holders of any class of shares, for the time being forming part of the capital of the Company, be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three – fourths of the issued shares of the class or with the sanction of a Special resolution passed at a separate meeting of the holders of those shares.

RESOLVED FURTHER THAT any Director and/or Company Secretary of the Company be and is hereby authorised to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as they may in their absolute discretion, deem fit to give effect to the resolution."

7. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Article 3 of the of the Articles of Association of the Company be and is altered and substituted by following new Article 3:

3. The Authorised Share Capital of the Company is ₹50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10 (Rupees Ten) each.

The Company shall have power to increase consolidate, sub divide, reduce or otherwise outsets share capital, subject to the provision of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any Director and/or Company Secretary of the Company be and is hereby authorised to take all such steps and actions and give such directions as they may in their absolute discretion deem necessary and to settle any question that may arise in this regard."

8. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

"RESOLVED THAT in additions of the resolution passed by the members of the Company under Section 293 (1) (d) of the Companies Act, 1956, pursuant to Section 192A (2) of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 on 18th February, 2009, thereby limiting the borrowing powers of the Board of Directors of the Company upto ₹ 1000 crores (Rupees One Thousand Crores only), the consent of the members be and is hereby accorded pursuant to clause (d) of sub-section (1)



of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may consider fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interest of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers' in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from the Company's bankers' in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of ₹ 2500 crores (Rupees Two Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

9. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any of the Companies Act, 1956 to mortgage and/or charging by the Board of Directors of the Company of all movable and immovable properties of the Company where so ever situated, present or future, and the whole of the undertaking of the Company, in favour of Bankers and/or Financial Institutions or persons for securing the repayment of Term Loan, Cash Credit, advances or such other borrowing facilities for an aggregate nominal value not exceeding ₹ 2500 crores (Rupees Two Thousand Five Hundred Crores only) for the purpose of securing the said financial facilities granted/to be granted to the Company, together with interest, further interest, liquidated damages, costs, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents, writings etc as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or including thereto."

10. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.**

"RESOLVED THAT subject to the approval of members and

in accordance with the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 (hereinafter referred to as the "Act") read with schedule XIII of the aforesaid Act and subject to all such sanctions, as may be necessary the remuneration of Mr. Gourishankar Poddar, Chairman and Managing Director of the Company, be and is hereby increased from ₹ 1.50 Lacs per month (i.e. ₹ 18.00 Lacs per annum) to ₹ 3.00 Lacs per month (i.e. ₹ 36.00 Lacs per annum) w.e.f 01st June, 2011 to 31st March, 2014 and all other terms and conditions remaining the same as per the resolution passed by the members through Postal Ballot on 18th February, 2009.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year during his tenure, the aforesaid remuneration payable to Mr. Gourishankar Poddar shall be the minimum remuneration payable by the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

By order of the Board of Directors

GITA YADAV

Company Secretary

Place: Silvassa

Date: 15th June, 2011

Registered Office:

Survey No. 177/1/3 & 177/1/4,

Village – Surangi, Dist – Silvassa,

Dadra & Nagar Haveli (U.T.) – 396 230

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be duly filled, stamped, signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, setting out material facts, is annexed hereto.**



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

3. Profile of the Director seeking re-appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is annexed to this Notice.
4. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
5. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Annual General Meeting.
6. Relevant documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 08th September, 2011 to Thursday, 15th September, 2011 (both days inclusive) for the purpose of payment of dividend, if declared at the meeting.
8. If the dividend on the equity shares, as recommended by the Board of Directors, is declared at the Annual General Meeting, payment thereof will be made (i) to those members whose names appear on the Register of Members of the Company as on 08th September, 2011 after giving effect to all valid share transfers in physical form lodged with the Company's Registrar and Share Transfer Agent (R&TA) Link Intime India Private Limited on or before 08th September, 2011; and (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL), as at the close of 08th September, 2011.
9. Members are advised to submit their National Electronic Clearing Services (NECS) mandates to the Company's R & TA at their address mentioned below to facilitate remittance by means of NECS.
10. There was no unclaimed dividends declared up to the financial year ended 31st March, 1995 as such Company has not transferred any fund to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 (the Rules).
11. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, dividend for the financial year

ended 31st March, 1996 and thereafter, which remains unclaimed for a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEPF
31.03.2004	30-09-2004	29-09-2011	29-10-2011
31.03.2005	16-08-2005	15-08-2012	15-09-2012
31.03.2006	30-09-2006	29-09-2013	29-10-2013
31.03.2007	28-09-2007	27-09-2014	27-10-2014
31.03.2010	07-08-2010	06-08-2017	05-09-2017

Members, who have not so far encashed the dividend warrant(s), are requested to seek issue of duplicate Warrant(s)/Demand Draft by writing to the Company or to the Company's R & TA immediately.

12. Members, who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names, are requested to send the Share Certificates to the Company's R & TA for consolidation into a single folio.
13. Further, Members are requested to inform immediately about any change in their address to Company's R&TA at the address mentioned below so as to enable the Company to dispatch dividend warrants and any further communication at their correct addresses:
LINK INTIME INDIA PRIVATE LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078
Ph: 91-22-25946970-78 Fax: 91-22-25946969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
14. A Member desirous of getting any information on the accounts or operations of the Company, is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available by the management at the meeting.
15. Investors may address their queries/communication at investors@rajrayon.com.
16. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies of the Annual Report to the meeting.

**ANNEXURE TO NOTICE****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:****Item No. 5, 6 & 7**

The present Authorised Share Capital of the Company is ₹ 30,00,00,000 (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crores) Equity Shares of ₹ 10 (Rupees Ten) each. The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. The Board of Directors thought it fit to increase the Authorised Share Capital of the Company to ₹ 50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10 (Rupees Ten) each.

Increase in Authorised Share Capital would necessitate amendment to the Clause V of the Memorandum of Association of the Company, and Article 3 of the Article of Association of Company and would require members approval by passing a Special Resolutions.

The Special Resolutions at Item No. 5, 6 & 7 are therefore placed for approval of the members.

None of the Directors of the Company is in any way concerned or interested in these Resolutions.

Item No: 8

Section 293(1) (d) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Company can borrow money in excess of the aggregate of the paid-up capital and free reserves of the Company only with the approval of members. The members had on 18th February, 2009 accorded their consent through Postal Ballot for a maximum limit of ₹ 1000 crores for borrowing in excess of the paid-up capital and free reserves of the Company. Keeping in view the long term requirements of the Company, this limit is sought to be increased to ₹ 2500 crores.

The Resolution at Item No. 8 is therefore placed for approval of the members pursuant to Section 293 (1) (d) of the Companies Act, 1956.

None of the Directors of the Company is considered as interested director in the proposed Resolution.

Item No: 9

As stated in the explanatory statement at Item No. 8 of this notice, the Company's activities and operations are increasing; thereby necessitating increase in its borrowing limits as stated in the resolution at Item No. 8.

Your Directors consider that it would be expedient to have approval of the members for creating securities in favour of Secured Lenders as mortgage/charge in the event of your Company availing financial facilities of a secured nature.

The Resolution at Item No. 9 is therefore placed for approval of the members pursuant to Section 293 (1) (a) of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 10

Mr. Gourishankar Poddar is the founder of Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) and the Company has witnessed tremendous growth under his leadership. He was re-appointed as Chairman and Managing Director of the Company for a period of 5 years w.e.f 1st April, 2009 to 31st March, 2014 at a remuneration of ₹ 1.50 Lacs p.m. by Board of Directors at its meeting held on 15th January, 2009 & approval of members for the same was received on 18th February, 2009 through Postal Ballot.

With the experience and in depth knowledge of Mr. Gourishankar Poddar in the textile industry, the Company has grown and developed its business manifold. The Board of Directors has appreciated his leadership, in its meeting held on 15th June, 2011 and subject to approval of members, has proposed to increase his remuneration to ₹ 3.00 Lacs p.m (i. e ₹ 36.00 Lacs p.a.) for the remaining period of his tenure i.e. from 1st June, 2011 to 31st March, 2014; all other terms and conditions remaining the same as per the resolution passed by the members through Postal Ballot on 18th February, 2009.

The Special Resolution at Item No.10 is therefore placed for approval of the members.

None of the Directors of the Company, except Mr. Gourishankar Poddar, is in any way concerned or interested in the Resolution.

By order of the Board of Directors

Place: Silvassa
Date:15th June, 2011

GITA YADAV
Company Secretary

Registered Office:

Survey No. 177/1/3 & 177/1/4,
Village – Surangi, Dist –Silvassa,
Dadra & Nagar Haveli (U.T.) – 396 230



BRIEF PROFILE OF THE DIRECTOR SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING AS REQUIRED TO BE FURNISHED PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Item No. 3 of the Notice:

Name : Mr. Jagdish Chandra Somani
Age : 65 years
Qualification : M.Com
Expertise : Textile Industry
Date of appointment : 07th January, 1998 as an Additional Director and confirmed as Director in Annual General Meeting held on 30th September, 1998.
Category : Independent Director
No. of Shares held : None

Mr. Jagdish Chandra Somani is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.



FINANCIAL HIGHLIGHTS

(Amt. in Lacs)

Particulars	Units	2010-2011	2009-2010	2008-2009
PROFIT & LOSS ACCOUNT				
Net Sales		42279.29	32731.04	31393.94
Other Income		1089.41	1031.74	554.32
TOTAL		43368.70	33762.78	31948.26
Less: Expenditure		38848.57	30180.98	30111.92
Profit before Interest, Depreciation & Tax (PBIDT)		4520.13	3581.80	1836.34
Less: Interest (on Term Loan)		474.03	461.02	532.62
Less: Other Interest & Financial Charges		1311.70	1086.28	1096.26
Profit Before Depreciation & Tax		2734.40	2034.50	207.46
Less: Depreciation		2051.24	1703.96	1702.40
Profit Before Tax (PBT)		683.16	330.54	-1494.94
Less/(Add): Provision for Current Tax		25.04	10.14	5.96
Profit after Current Tax		658.12	320.40	-1500.90
Less/(Add): Provision for Deferred Tax		251.74	7.96	-445.92
Profit after Tax (PAT)		406.38	312.44	-1054.98
Add/(Less): Prior Period items, Tax and other adjustments for earlier years		-0.45	-61.06	-85.02
Profit attributable to shareholders		405.93	251.38	-1140.00
Cash Profit (PAT+Dep.)		2457.62	2016.40	647.42
BALANCE SHEET				
Net Fixed Assets		17047.07	16110.70	13519.00
Investments		190.38	186.62	416.41
Net Current Assets		9990.15	6512.88	6830.72
Capital Employed		27227.60	22810.20	20766.13
Net Worth represented by-				
Share Capital		1894.47	1799.82	1709.92
Reserves & Surplus		7042.11	6705.34	6516.94
Share Application Money		441.58	9.47	18.46
Net Worth		9378.15	8514.63	8245.32
Loan Fund				
Long Term		10619.14	8840.82	6754.07
Others		6361.83	4838.02	5157.98
Total Loan Funds		16980.97	13678.84	11912.05
Deferred Tax (Net)		868.47	616.73	608.76
Capital Employed		27227.60	22810.20	20766.13
Term Loan Repayment		1603.71	1718.62	1530.53
RATIO & STATISTICS				
PBIDT/Net Sales	%	10.69	10.94	5.85
PAT/Net Sales	%	0.96	0.95	-
Cash Profit/Net Sales	%	5.81	6.16	2.06
Interest Cover (PBIDT/Interest)	X	2.53	2.31	1.13
DSCR	X	1.41	1.14	0.57
Long Term Debt Equity Ratio	X	1.13	1.04	0.82
Book Value	₹	47.17	47.26	48.11
EPS	₹	2.17	1.43	-6.70



MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements, based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

OVERVIEW

Landmark Events:

The Company's Export House status has been upgraded to Star Export House w.e.f 17th August, 2009 by the Director General of Foreign Trade. Further, the Company's ISO Certification has been upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

The name of the Company has been changed from "Raj Rayon Limited" to "Raj Rayon Industries Limited" w.e.f 18th August, 2010, pursuant to the special resolution passed by members in the 17th Annual General Meeting held on 07th August, 2010 & approval by Registrar of Corporate Affairs.

The registered office of your Company has been shifted from "5C- 196/197, Akshay Mittal Industrial Estate, Sakinaka, Andheri(East), Mumbai-400 059" to "Survey No. 177/1/3 & 177/1/4, Village - Surangi, Dist - Silvassa, Dadra & Nagar Haveli (UT) - 396 230" w.e.f 31st March, 2011, pursuant to Company Law Board order passed on 29th March, 2011.

The Company exports its product to countries in South America, Europe, Middle East, Africa, Far East, South East Asia etc.

Industry outlook:

GDP growth continuing to be robust bodes well for our industry in the ensuing year. Industry outlook is positive owing to higher domestic demand and switch over from cotton.

In this connection, it is observed that textile and clothing exports witnessed a growth of 11.5% in the first half of 2010-2011, and are likely to remain healthy in the near future.

During last year, Chinese currency appreciated relative to the Indian Rupee which benefited Indian textile industry and its export became more competitive.

It is expected that the Indian textile and clothing market has the potential to reach \$ 220 billion by 2020 at a CARG of 10-11% from the current level of around \$ 70 billion. The Domestic Market has a potential to grow to \$ 140 billion and exports to \$ 80 billion by 2020.

It is believed that India has the potential to increase its export share in world trade from the current 4.5% to 8% and reach \$ 80 Billion level by 2020. This high growth in exports can become a reality amidst increased shift in sourcing from developed countries to Asia and India's strength as a suitable alternative to China for global buyers.

Polyester continues to feed the textile industry, accounting for 83% of increased fibre demand in 2010. Polyester usage for textile applications is expected to grow at over 4% and account for 80% of the incremental fibre demand in the next decade. Consequently, its share in all fibre demand would grow to 55% from the current 48%.

Garment manufacturers/ designers are likely to find ways to use more polyester yarn than cotton in their fabric usage. The International Cotton Advisory Committee (ICAC) forecasts that cotton share of the world textile fibre market could decline to 33% by 2015 as compared to 36.5% in 2009.

Technology Upgradation Fund Scheme (TUFS) scheme has been extended upto

31st March, 2012. TUFS has helped in the transition from a quantitatively restricted textiles trade to a market driven global merchandise.

Business Review:

The Company's domestic sales, as also exports, are looking up and the Company has also stepped up its efforts to enhance the share of value added items in its product mix for being better placed to meet crude oil and raw material prices volatility, if any, in future.

Opportunities & Threats:

- Globalisation has thrown open bigger opportunity for export of Company's products.
- Anticipated robust GDP growth to spur higher consumer spending, in turn, boosting demand for Company's products.
- Man made fibres has emerged as a major substitute for cotton.
- The Union Budget for 2011-12 has provided an allocation of ₹ 2,980 crores for the Technology Upgradation Fund Scheme (TUFS), which is expected to boost the Textile industry.
- Excise duty on man made fibre is an area of concern.

Internal Controls:

RRIL's well defined organisation structure, policy guidelines, predefined authority levels, and an extensive system of internal controls, ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- RRIL has adequate system of internal control in place to ensure that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.
- RRIL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations & policies, plans and statutory requirements.
- RRIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- RRIL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

Research & Development:

The Company always strives to be innovative and cost competitive, aided by its fully equipped R & D facilities. Besides producing POY of Denier range fine to coarse, the Company's array of products includes yarn of various cross sections namely Round, Trilobal and Octalobal, as also Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Doped Dyed Yarn, Fire Retardant and Anti Microbial yarns.

Quality Management:

RRIL continues to take quality improvement measures to enhance quality of various polyester yarns. The Company's ISO certification in respect of its products and processes stands upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

Environment and Safety:

Being conscious of the need for environmentally clean and safe operations, the Company conducts its operations ensuring safety of all concerned, compliance of statutory and industrial requirements for environment protection and, conservation of natural resources to the extent possible.

Human Resources and Industrial Relations:

The Company recognises that Human Resources are its most valuable assets that provide competitive edge to stay ahead. The Company's focus is on developing the most superior work force so that the Company and individual employees can accomplish their work goals in service to customers.

The Company's strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals, and by creating a culture for learning and growth. Industrial relations remained cordial in all the plants.

**REPORT ON CORPORATE GOVERNANCE**

(As required under Clause 49 of the Listing Agreement of the Stock Exchange)

The Corporate Governance Report for the year under Review from 1st April, 2010 to 31st March, 2011**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

At Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) we believe in adopting the best Corporate Governance practices and appropriate disclosure norms towards protecting rights and interest of stakeholders. The Company believes in transparency, professionalism and accountability, which are also the basic principles of Corporate Governance. The Company would constantly endeavors to improve on these aspects.

2. BOARD OF DIRECTORS - CONSTITUTION AND COMPOSITION:

The Board of Directors of the Company has appropriate composition of Executive and Non- Executive Directors including Independent Directors. The Board of Directors through their active participation ensures that the decisions on the policy matters are taken after due deliberation and in consonance with the good Corporate Governance practices.

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

During the year under review, the Board of Directors of the Company consisted of four Directors. Two of them, i.e. Mr. Jagdish Chandra Somani and Mr. Vinod Kumar Jain are Non-Executive and Independent Directors.

Mr. Gourishankar Poddar is Chairman & Managing Director. The other Non-Executive Director is Mrs. Rajkumari Kanodia. Hence the composition of the Board of Directors is well within the norms of Corporate Governance.

As required by the Companies Act, 1956 & Clause 49 of the Listing Agreement, none of the Directors holds directorship in more than 15 public companies, membership of Board Committees (Audit/Investors Grievance Committees) in excess of 10 and chairmanship of Board Committees as aforesaid in excess of 5.

a) Number of Board, Committee of Board Meetings and Attendance Record of the Directors:

During the year ended 31st March, 2011, the Company had Twenty (20) Board Meetings. These meetings were held on the following date(s):

30/04/2010, 28/05/2010, 07/06/2010, 15/06/2010, 30/06/2010, 10/07/2010, 24/07/2010, 26/07/2010, 14/08/2010, 20/08/2010, 30/08/2010, 07/09/2010, 18/10/2010, 13/11/2010, 20/11/2010, 30/11/2010, 17/12/2010, 03/01/2011, 25/01/2011, 14/02/2011.

Further, a meeting of Allotment Committee of Directors was held on the 09th July, 2010 for the allotment of Equity Shares, on conversion of warrants earlier issued on preferential basis, to a promoter group Company.

The composition of Board of Directors and the attendance at the Board Meetings, as also number of other Directorships and Committee Memberships during the year under review and the last Annual General Meeting, are given below:

Sr. No.	Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance At the Last AGM	No. of other Public Company Directorship*	No. of other Public Company Committee Memberships and Chairmanships#	
						Chairman	Member
1.	Mr. Gourishankar Poddar	Chairman & Managing Director	20	YES	-	-	-
2.	Mrs. Rajkumari Kanodia	Non Executive & Promoter Director	20	Not attended	-	-	-
3.	Mr. Jagdishchandra Somani	Non Executive & Independent Director	20	YES	-	-	-
4.	Mr. Vinod Kumar Jain	Non Executive & Independent Director	20	Not attended	-	-	-

* Directorships in private and Foreign Companies, if any, are excluded.

Memberships of only Audit Committee and Shareholders/Investors Grievance Committee.



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b) Directors Profile:

Brief resume of all the Directors, nature of their expertise in specific functional areas are provided below:

i) **Mr. Gourishankar Poddar, Chairman & Managing Director:**

Mr. Gourishankar Poddar, aged 50 years, is associated with the textile business for more than 29 years. He is non-matriculate. In 1993, Mr. Poddar promoted Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) and he was appointed as Managing Director w.e.f. April 1, 1994 for 5 years; the term has been renewed from time to time. His current appointment as Managing Director expires on March 31, 2014. He was also designated as the Chairman of the Board with effect from January 15, 2001. Mr. Poddar has overall control over management of the Company, subject to supervision, control and direction of the Board of Directors of the Company.

Raj Rayon Industries Limited (formerly known as Raj Rayon Limited), set up in 1993, has witnessed laudable growth over the years under the leadership of Mr. Poddar, and now the present installed capacity comprises 55000 T.P.A of PTY, 19700 T.P.A of FDY and 1300 T.P.A of TY (based on average of 75 SD denier), 46800 T.P.A of POY and 6400 T.P.A of PDFY (based on average of 150 SD denier).

Mr. Poddar's Achievements include:

Conferred the "Gold Medal for Excellence" by National Integration & Economic Council Award named as Rajiv Gandhi Shiromani Award presented by H.E. Shri Syed Sibtey Razi, Governor of Jharkhand.

Further, Mr. Poddar has been awarded the following awards:

- International Gold Star Millennium Award
- Indira Gandhi Sadbhavana Award

Mr. Gourishankar Poddar is not member of the committees of the Board of any other Company. Mr. Gourishankar Poddar is promoter of Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) and holds 40,000 shares in the Company as on 31st March, 2011.

ii) **Mrs. Rajkumari Kanodia:**

Mrs. Rajkumari Kanodia, aged 52 years, is one of the main promoters of Raj Rayon Industries Limited (formerly known as Raj Rayon Limited). Mrs. Kanodia, a H.S.C, has experience in the textile field for about 17 years. She was appointed as Director of the Company on 28th February, 2003. She is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mrs. Rajkumari Kanodia is neither Director nor member of the committees of the Board of any other Company. She holds 467500 Equity Shares in the Company as on 31st March, 2011.

iii) **Mr. Jagdish Chandra Somani:**

Mr. Jagdish Chandra Somani, aged 65 years, is M.Com and he is working as Vice President - Marketing of Orient Syntex (APM Industries Limited). He is having experience of 37 years in the Textile Industry. He was appointed as Additional Director of our Company on 7th January, 1998 and confirmed as Director in AGM held on 30th September,

1998. He is Chairman of Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mr. Somani is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company as on 31st March, 2011.

iv) **Mr. Vinod Kumar Jain:**

Mr. Vinod Kumar Jain, aged 44 years, is B.E. (Textiles). He is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board. He was appointed as Additional Director of our Company on 30th October, 2004 and confirmed as Director in Annual General Meeting held on 16th August, 2005.

Mr. Vinod Kumar Jain is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company as on 31st March, 2011.

c) **Responsibilities**

The Board of Directors responsibilities include review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory / regulatory requirements and review of major legal issues
- Adoption of quarterly results/ annual results
- Transaction pertaining to purchase and disposal of property, major provisions and write offs.

3 **DIRECTORS INTEREST IN THE COMPANY:**

For the sake of transparency, the Company is committed to make full disclosures regarding the interest of, and payments to, all Directors. During the year under review, the Company has not paid any sitting fees to the Directors. Further, it is not a policy of the Company to give loans and advances to its Directors.

Code Of Conduct:

The Board of Directors has adopted the CODE OF CONDUCT to be observed by all Directors and Senior Management while performing their official duties and responsibilities. The code of conduct is posted on the website of the Company.

All Directors and designated senior management cadre of the Company have affirmed compliance of the code for the year under review. The declaration to this effect signed by the Chairman & Managing Director is annexed to this report.

CEO / CMD CERTIFICATION:

The certificate under Clause 49 V of the Listing Agreement with the Stock Exchanges, signed by the Chairman & Managing Director, is annexed to this report.

4. **AUDIT COMMITTEE:**

Terms of reference of Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges and the same inter-alia, include but is not limited to related party

transactions, appointment or removal of chief internal auditors, compliance of legal provisions and accounting standards etc, overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control systems with the management and adequacy of internal audit function, discussions with auditor about the scope of audit including the observation of the auditors and discussion with internal auditors on any significant findings. The Audit Committee assists the Board in meeting its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

Composition of Audit Committee:

During the year under review, the composition of the Audit Committee of the Board comprised the following Non-Executive Directors:

Sr. No.	Name of the Directors	Status
1.	Mr. Jagdish Chandra Somani	Independent Director - Chairman
2.	Mr. Vinod Kumar Jain	Independent Director - Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director - Member

The statutory auditors and the internal auditors are the permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee, in its meetings, gives to the Board its recommendations based on its review as per terms of references on the following matters:

- The Company's financial reporting process and disclosure of its financial information.
- Appointment of Statutory Auditors and fixation of their audit fee.
- Internal control systems, scope of Audit including observation of the Auditors, adequacy of internal audit functions, major accounting policies, practices and entries, compliance with accounting standards with the Stock Exchanges and legal requirements concerning financial statements and related party transactions, if any based on review and discussion with Auditors.
- The Company's financial and risk management policies based on discussions with the internal auditors and as a follow-up of the internal auditors significant findings thereon.
- Quarterly and Annual financial statements before submission to the Board of Directors.

Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 28/05/2010, 14/08/2010, 13/11/2010 and 14/02/2011.

Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings Attended
1.	Mr. Jagdish Chandra Somani	4
2.	Mr. Vinod Kumar Jain	4
3.	Mrs. Rajkumari Kanodia	4

5. REMUNERATION OF DIRECTORS

The Company has not constituted any remuneration committee. The Company has no pecuniary relationship or transaction with its Non- Executive Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan which is linked to performance and achievement of the Companies objectives. The Company has no stock option plan and pension scheme.

The Company has not paid any sitting fees to the Non-Executive Directors. The details of remuneration paid to Mr. Gourishankar Poddar, the Chairman & Managing Director of the Company, during the year ended on 31st March, 2011 is as follows:

Sr. No.	Particulars	Mr. Gourishankar Poddar	
a)	Salary	₹ in Lacs	18.00
b)	Fixed Component-Cont. to P.F.	₹ in Lacs	2.16
c)	Bonus Benefits & other Allowances	₹ in Lacs	NIL
d)	Service Contract	Years	5
e)	Notice Period	Months	3
f)	Severance Fees	₹ in Lacs	NIL

6. SHAREHOLDERS/INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The Board has constituted Shareholders/Investor Grievances and Share Transfer Committee comprising three Non- Executive Directors, of which two are Independent Directors.

The composition of the Shareholders/ Investor Grievances and Share Transfer Committee is as follows:

Sr. No.	Name of the Directors	Status
1.	Mr. Jagdish Chandra Somani	Independent Director - Chairman
2.	Mr. Vinod Kumar Jain	Independent Director - Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director - Member

The Committee inter- alia, approves share transfer, issue of duplicate certificates and oversees and reviews all matters relating to transfer of securities of the Company. The Committee also looks into redressal of shareholders/ investors complaints in regard to transfer of shares, non-receipt of Annual Report, dividend etc.

The Committee oversees the performance of the Registrars and Share Transfer Agents of the Company and recommends



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measures for overall improvement in the quality of investor services. The Committee also monitors the implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee met four (4) times during the year under review, on the following dates: 30/04/2010, 31/07/2010, 30/10/2010 and 31/01/2011.

Attendance of Members at Shareholders/Investor Grievances and Share Transfer Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Jagdish Chandra Somani	4
2.	Mr. Vinod Kumar Jain	4
3.	Mrs. Rajkumari Kanodia	4

Compliance Officer:

The Company Secretary, Ms. Gita Yadav, is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing requirements with the Stock Exchanges.

7. INVESTOR GRIEVANCE REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31st March, 2011 was 04 (Four). Outstanding complaints as on 31st March, 2011 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2010 - 2011. No request for transfer and dematerialisation was pending as on 31st March, 2011.

8. DISCLOSURES : I General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2007-08 AGM	30-09-2008	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East) Mumbai-400072	1.30 p.m.	(i) Inserting a new Article as Article 80A of the Articles of Association of the Company for passing of Resolutions by Postal Ballot. (ii) Inserting a new article as Article 109A of the Articles of Association for conducting Board/ Committee meetings through video conferencing and /or Tele conferencing methods.
2008-09 AGM	30-09-2009	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East), Mumbai-400072	1.30 p.m.	(I) Appointment of Mr. Sushilkumar Kanodia to the office or place of profit in the Company. (ii) Special Resolution under Section 163 of the Companies Act, 1956, for keeping the Register of Members, Index of Members and other documents at a place other than the Registered Office of the Company.

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2009-10 AGM	07-08-2010	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East) Mumbai-400072	1.30 p.m.	Special Resolution under Section 21, 16, 31 & other applicable provisions of the Companies Act, 1956, for Change of name of the Company from "Raj Rayon Limited" to "Raj Rayon Industries Limited"

Postal Ballot:

During the year ended on 31st March, 2011, the Company sought the approval of its members by way of Postal Ballot in respect of the following resolutions by notice dated 18th October, 2010. Mr. Bharat Pathak, Practicing Company Secretary, was appointed as the Scrutinizer for the Postal Ballot exercise. The result was declared on the 26th November, 2010.

- Issue of 1,10,00,000 warrants with convertible option to selected persons (promoter/public/body corporate) on preferential basis pursuant to Sec. 81 and 81 (1A) of the Companies Act, 1956 & Chapter VII of SEBI (ICDR) Regulations, 2009.
- Special Resolution for Shifting of Registered Office of the Company from Mumbai to Silvassa and consequent change in Clause II of the Memorandum of Association pursuant to Sec. 17 read with Sec.146 (2) of Companies Act, 1956.

The details of the voting pattern for Postal Ballot are given below:

Particulars	Item No. 1		Item No. 2	
	No. of Postal Billot forms	No. of Shares	No. of Postal Ballot forms	No. of Shares
a) Total Postal ballot forms received	275	8632030	275	8632030
b) Less Invalid postal ballot forms (as per Register)	13	4183	19	15851
c) Net Valid postal ballot forms	262	8627847	256	8616179
d) Postal ballot forms with assent for the Resolution	221	8591908	223	8582872
e) Postal ballot forms with dissent for the Resolution	41	35939	33	33307

Resolutions were passed with requisite majority.

II (a) Related Party Transactions:

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

Attention of members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Note No.5 of Schedule '22', forming part of the Annual Report.



The Company's major related party transactions are generally with its Associates considering various business and other factors.

All the related party transactions in the ordinary course of business are placed periodically before the Audit Committee.

All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.

II (b) Listing Agreement:

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory body/ authority for non-compliance of any matter related to the capital markets during the last three years.

II (C) i) Utilisation of funds raised through Preferential Warrants:

In the year 2009, the Company had received allotment money of ₹ 19.27 Lacs in respect of allotment of 19,27,000 warrants on preferential basis to a promoter group company Raj Money Market Limited and the balance conversion option money of ₹ 7.335 Lacs was received in respect of 81,500 warrants into Equity Shares of the Company which were allotted on 20th March, 2009 and are under lock-in for a period of three (3) years from the date of allotment i.e. from 20th March, 2009 to 19th March, 2012.

In the previous year, on 29th September, 2009 second tranche conversion option was exercised for conversion of 8,99,000 warrants into Equity Shares of the Company, and ₹ 80,91,000 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 29th September, 2009 to 28th September, 2012.

Further during the year, on 09th July, 2010 third tranche conversion option was exercised for conversion of 9,46,500 warrants into Equity Shares of the Company, and ₹85,18,500 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 09th July, 2010 to 08th July, 2013.

The money received in respect of the above mentioned conversions were being utilised for the meeting the working capital requirement and for general corporate purpose as stated in the Notice of Postal Ballot dated 15th January, 2009.

II (c) ii) Utilisation of funds raised through Preferential Warrants:

During the year, the Company received 25% of upfront allotment money amounting to ₹ 441.57 Lacs in respect of 1,03,90,000 warrants allotted on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant.

The upfront money received is utilised by the Company for meeting its capital expenditure for expanding its capacity of Polyester Texturised Yarn (PTY) and installing new capacity for manufacture of Twisted Yarn (TY) as stated in the Notice of Postal Ballot dated 18th October, 2010.

III Disclosures on Risk Management:

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimisation procedures and the same is reviewed by the Board periodically.

9. Means of Communications

Quarterly Results:

Quarterly Results are published in 'The Economic Times', 'Navshakti' and 'Maharashtra Times' newspaper and also displayed on the Company's website www.rajrayon.com.

News Release, Presentation etc.:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.rajrayon.com.

Website:

The Company's website www.rajrayon.com contains a separate dedicated section '*Investor Relations*' where shareholders information is available. Full Annual Report is also available on the website in a user-friendly and downloadable form.

Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Directors Report, Auditors Report and other important information is circulated to members and others entitled thereto by physical mode and electronic mode (e-mail) as per the circular of Ministry of Corporate Affairs. The Management Discussion and Analysis (MD&A) and Corporate Governance Report form part of the Annual Report.

Corpiling

Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on the <http://www.corpiling.co.in>.



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10. General Shareholder Information:

(a) Registered, Corporate Office & Annual General Meeting

Registered office:

Survey No. 177/1/3 & 177/1/4,
Village–Surangi, Dist–Silvassa, Dadra &
Nagar Haveli (U.T.) – 396 230 (INDIA)
Tel: 91- 09998802192, Fax:-91-0260-2699185
E-mail: investors@rajrayon.com

Corporate office:

5-C, 196/197, “Akshay” Mittal Industrial Estate,
Saki Naka, Andheri (East), Mumbai – 400 059, (INDIA)
Tel: 91-22- 40343434, Fax: 91-22- 40343400
E-mail: investors@rajrayon.com

Annual General Meeting Venue:

11.30 a.m on 15th September, 2011
Survey No. 177/1/3 & 177/1/4,
Village–Surangi, Dist–Silvassa,
Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)

(b) Financial Calendar (Tentative)

Financial Year	1 st April to 31 st March
Results for the quarter ending June 30, 2011	Mid week of August, 2011
Results for quarter ending September 30, 2011	Mid week of November, 2011
Results for quarter ending December 31, 2011	Mid week of February, 2011
Results for year ending March 31, 2012	Last week of May, 2012
Annual General Meeting	September, 2012

(c) Book Closure Period:

From 08th September, 2011 to 15th September, 2011 (both days inclusive) for the 18th Annual General Meeting.

(d) Dividend Payment Date (s)

Dividend will be paid on or after 22nd September, 2011.

(e) Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee:

Name and Address of Stock Exchanges where Company is listed	Stock Code	Payment of Listing Fees
Bombay Stock Exchange Ltd., (BSE), Phrioze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 (INDIA)	Code: 530699 ISIN NO: INE533D01016	Annual listing fee for the year 2011-12 (As applicable) has been paid by the Company to both BSE & NSE
The National Stock Exchange of India Limited (NSE) Bandra–Kurla Complex, Mumbai-400 050 (INDIA)	Symbol- RAJRAYON	

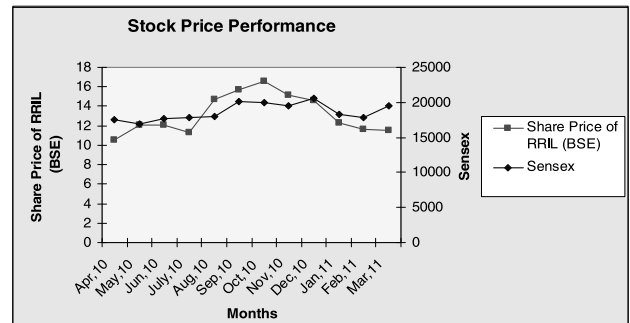
(f) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd are as follows:

Month	Bombay Stock Exchange (Amount in ₹)		National Stock Exchange (Amount in ₹)	
	High	Low	High	Low
April, 2010	11.69	9.14	11.55	9.00
May, 2010	12.16	9.31	12.20	9.00
June, 2010	14.70	10.45	13.45	10.55
July, 2010	13.60	10.65	13.50	11.10
August, 2010	16.80	11.32	17.95	11.10
September, 2010	19.80	14.75	17.90	14.80
October, 2010	18.45	15.00	18.85	15.00
November, 2010	18.85	14.10	19.10	14.44
December, 2010	16.90	12.25	17.15	12.55
January, 2011	15.50	11.60	15.50	11.45
February, 2011	13.40	10.60	13.40	10.70
March, 2011	12.78	10.66	12.55	10.20

Source: BSE website and NSE website.

Stock Performance:



The Performance of the Company's shares relative to the BSE Sensitive Index (SENSEX) is given in the Chart below:

(g) Registrars and Transfer Agents:

LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078 (INDIA)
Ph: 91-22-25946970-78, Fax: 91-22-25946969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

(h) Share Transfer System:

Presently, the share transfers, which are received in physical form, are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Shareholders/Investors Grievances and Share Transfer Committee.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the said certificate with the Stock Exchanges.



(i) Distribution of shareholding as on 31st March, 2011 is as under :

Share holding of nominal value of Rupees. (₹)	No. of Share holders	% of Share holders	Share holding	% of Share Holding
Upto 5000	13832	84.32	2283578	12.05
5001 - 10000	1334	8.13	1132054	5.98
10001 - 20000	654	3.99	1011487	5.34
20001 - 30000	197	1.20	504854	2.66
30001 - 40000	107	0.65	387246	2.04
40001 - 50000	77	0.47	361208	1.91
50001 - 100000	118	0.72	873416	4.61
100001 & above	85	0.52	12390857	65.41
TOTAL	16404	100.00	18944700	100.00

(j) Categories of Shareholders as on 31st March, 2011 are as under :

Category	Number of shares	% age of holding
Promoter & Promoter group	7572893	39.97
Banks/MFs/FIs	369200	1.95
Other Bodies Corporate	1748506	9.23
Indian Public	8305057	43.84
NRIs/OCBs	603465	3.19
Others	345579	1.82
Total	18944700	100.00

(k) Corporate Benefits:

Dividend Declared for the last 3 Years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2007-2008	N.A.	NIL
2008-2009	N.A.	NIL
2009-2010	07-08-2010	3%

(l) Dematerialisation of shares and liquidity and Lock-in of Shares

(a) Dematerialisation Position as on 31st March, 2011

Total No. of Fully paid up Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
18944700	18436490	97.32	508210	2.68

The equity shares of Raj Rayon Industries Limited are traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Trading in the Company's shares is permitted only in dematerialised form for all investors as per notifications issued by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, Link Intime India Private Limited whereby the investors have the option to dematerialise their shares with either of the depositories.

(b) Details of Locked-in Shares:

Pre- preferential holdings: As on 31st March, 2011 Raj Money Market Limited, a promoter group Company, holds a total of 6464100 Equity shares in the Company of which 2000000 are pledged, pre- preferential holding of 2537100 Equity Shares were locked in up to 20th June, 2011.

Further 1927000 Equity Shares allotted on preferential basis are Lock- in up to:

No. of shares	Date of allotment	Lock in start date	Lock in release date
81500	20/03/2009	20/03/2009	20/03/2012
899000	29/09/2009	29/09/2009	29/09/2012
946500	09/07/2010	09/07/2010	09/07/2013
1927000			

(m) Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion.

The Company has so far not issued any GDRs/ADRs, and therefore the question of outstanding GDRs / ADRs etc as at end of March, 2011 does not arise.

However, 19,27,000 warrants were allotted on preferential basis to Raj Money Market Limited, a Promoter group Company on 26th February, 2010, out of which 81,500 warrants were converted into Equity Shares of ₹ 10/- each on 20th March, 2009. 8,99,000 warrants were converted in to Equity Shares of ₹ 10/- each on 29th September, 2009, and the balance 9,46,500 warrants were converted in to Equity Shares of ₹ 10/- each on 09th July, 2010.

Further during the year the Company has allotted 1,03,90,000 warrants on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant.

(n) Plant Locations:

The Companys plants are located at:

- (i) Survey No. 272/1/1,
Plot No. 1, Village Dadra,
Dadra-Demani Road, Dist. Silvassa,
Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA)
- (ii) Survey No. 185/1/1,
Plot No.17, Dokmandi, Village: Aml, Dist- Silvassa,
Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA)
- (iii) Survey Number 177/1/3 & 177/1/4,
Village - Surangi, Silvassa,
Dadra and Nagar Haveli (U.T.) - 396 230 (INDIA)



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

(o) (i) Address for investor correspondence

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company:

Registrar & Share Transfer Agent

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078 (INDIA)
Tel: 91-22- 25946970-78
Fax: 91-22- 25946969
Email: rnt.helpdesk@linkintime.co.in
Web-Site: www.linkintime.co.in

Shareholders, holding shares in electronic mode, should address all their correspondence to their respective Depository Participants (DPs).

(ii) Any query on Annual Report:

Registered office of the Company

(p) Capital Integrity Audit for Reconciliation of Capital:

As stipulated by SEBI, a qualified Practising Company Secretary (PCS) carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the copy of the report is submitted to the Stock Exchanges where the shares are listed. The audit confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

11. Transfer of Unpaid/unclaimed amounts to IEPF:

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remain unpaid/unclaimed for a period of 7 years are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act. There is unclaimed dividend which is due for transfer to IEPF before 28th October, 2011 for the year 2003-2004 which the Company will transfer as and when the date comes.

12. Equity Shares in the Suspense Account

As per Clause 5A(l)(g) of the Listing Agreement, the Company reports the following details in respect of Equity Shares lying in the suspense account which were issued pursuant to the public issue of the Company in the year 2006:

	No of Shareholders	No of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01 st April, 2010.	17	1700
Number of shareholders who approached Company for transfer of shares from suspense account during the year.	-	-
Number of shareholders to whom shares were transferred from suspense account during the year.	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2011.	17	1700

The voting rights on the shares outstanding in the suspense account as on 31st March, 2011 shall remain frozen till the rightful owner of such shares claims the shares.

13. Compliance Certificate of the Auditors:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors Report and Management Discussion and Analysis.

The Certificate from the Statutory Auditors will be sent to the Stock Exchanges where the shares of the Company are listed along with the Annual Report of the Company.

14. Non- Mandatory Disclosures:

The non- mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings as detailed below:

The Board: The Company has not yet fixed any policy regarding tenure of independent directors.

Remuneration Committee: The remuneration of the Executive Directors is approved in the Board meeting wherein the Executive Directors do not participate and vote on the resolutions considering their remuneration package. Hence, in the opinion of the Board, there is no conflict of interest in the determination of remuneration package to the Executive Directors and the same is in consonance with the provisions of the Companies Act, 1956.

Shareholders Rights: The quarterly results of the Company are being published in the English and Vernacular news papers (i.e. 'The Economic Times', 'Navshakti' and 'Maharashtra Times') and they are also displayed on the Company's web-site namely www.rajrayon.com and in the official section of http://www.corpfiling.co.in. The results are not sent to the shareholders individually.

Audit Qualifications: Auditors qualifications & observation on the financial statement for the year 2010-2011 have been appropriately explained in the Directors Report.

Training of Board Members: The present Board of Directors consists of well experienced and responsible members of the society. All the Directors are well aware of business model as well as the risk profile and business parameters of the Company and their responsibilities as Directors. However, periodical briefings are made to the directors about the business model & risk profile of the Company.



DECLARATION

Compliance with Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended on 31st March, 2011.

For Raj Rayon Industries Limited

Place : Mumbai
Date : 26th May, 2011

GOURISHANKAR PODDAR
Chairman & Managing Director

CEO/CMD CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, I have certified to the Board that for the financial year ended 31st March, 2011, the Company has complied with the requirements of the said sub clause.

For Raj Rayon Industries Limited

Place : Mumbai
Date : 26th May, 2011

GOURISHANKAR PODDAR
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

To,
The Members
Raj Rayon Industries Limited
(Formerly known as Raj Rayon Limited)

We have examined the relevant records relating to compliance of Corporate Governance by Raj Rayon Industries Limited ("the Company") for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management; our examination was limited to procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance and it was neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that no investor grievance was pending as on 31st March, 2011, as per the records maintained by the Company and presented to the Shareholders and Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and behalf of

R.S.AGRAWAL & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : 26th May, 2011

R.S.AGRAWAL
PARTNER
Membership No: 33216



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 18th Annual Report and the audited accounts for the year ended 31st March, 2011.

Financial Results:

(₹ in Lacs)

Particulars	Current Year 2010-2011	Previous Year 2009-2010
Net Sales and Other Income	43368.69	33726.78
Gross Profit before interest, Depreciation and Tax		
Less: Interest	4613.79	3581.80
Depreciation	1879.39	1547.30
Profit before Tax	2051.24	1703.96
Less: Provision for Current Tax	683.16	330.54
Provision for Deferred Tax	25.05	10.14
Profit After Tax	251.73	7.96
Add: (Less) : Prior Period Items & Adjustments	406.38	312.44
Add: (Less) : b/f Balance in Profit & Loss Account	0.00	0.19
Add: (Less): Income Tax Adjustment for earlier years	2403.49	2215.08
Amount Available for Appropriation	-0.45	(61.05)
Appropriations:	2809.42	2466.66
Proposed Dividend on Equity Shares	56.83	53.99
Tax on Proposed Dividend	9.22	9.18
Additional Provision for Dividend for the earlier year	2.85	0.00
Additional Provision for Tax for earlier year	0.26	0.00
Balance carried to Balance Sheet	2740.26	2403.49
	2809.42	2466.66

*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

Performance:

During the financial year, your Company recorded Net Sales and Other Income of ₹ 43368.69 Lacs as compared to ₹ 33726.78 Lacs of previous year. The Net Profit for the year was ₹ 406.38 Lacs as compared to previous year ₹ 312.44 Lacs. Cash profit increased to ₹ 2457.62 Lacs from ₹ 2016.40 Lacs of previous year.

Dividend:

Your Directors, subject to approval of Shareholders and Bankers, have recommended a dividend of ₹ 0.30 per equity share for the financial year ended on 31st March, 2011.

Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange of India, is presented in a separate section forming part of the Annual Report.

Expansion Plans:

i) Polyester Filament Yarn:

In order to generate optimum operating margin on a sustained basis, the Company, while disposing of 2 nos. of old and outdated Texturising machine, has undertaken expansion in its installed capacity for manufacturing polyester filament yarn, and also installing production facility to manufacture Twisted Yarn. The capital outlay on the project is ₹ 78.89 crore, for which Term Loans aggregating ₹ 52.00 crore and promoters contribution of ₹ 26.89 crore by way of Unsecured Loans & internal accruals, have been tied up. The project is in advanced stage of implementation and partial commercial production already commenced from March, 2011. Full commercial production from the newly created facilities is expected in 2011-2012.

ii) C.P. Project (Backward Integration) at Surangi, Silvassa (U.T.):

With a view to further enhancing its operating margin and shore up its profitability, the Company is now going in for backward integration to manufacture Fibre grade Polyester chips/Polymer by setting up Continuous Polymerization Plant (CP) of 153300 MTA capacity and to carry out modernisation of its POY plant, at a capital outlay of ₹ 188.26 crores, proposed to be part financed with Term Loans aggregating ₹ 125.00 crores and balance ₹ 63.26 crores by way of promoters' contribution in the form of equity, unsecured loans and internal accruals. The project has been appraised by State Bank of India and the bank has sanctioned Term Loans of ₹ 65 crores along with Term Loan of ₹ 30 crores sanctioned by State Bank of Hyderabad to part finance this project. Other banks are expected to sanction Term Loans aggregating ₹ 30 crores shortly. The execution of the project is expected to commence shortly and is slated to commence commercial production in the last quarter of 2012-2013.

Conversion of Warrants with convertible option on preferential basis to a Promoter Group Company:

In the year 2009, the Company had received allotment money of ₹ 19.27 Lacs in respect of allotment of 19,27,000 warrants on preferential basis to a promoter group company Raj Money Market Limited and the balance conversion option money of ₹ 7.335 Lacs was received in respect of 81,500 warrants into Equity Shares. These Shares were allotted on conversion of warrants on preferential basis on 20th March, 2009 and are under lock-in for a period of three (3) years from the date of allotment i.e. from 20th March, 2009 to 19th March, 2012.

In the previous year on 29th September, 2009, second tranche conversion option was exercised for conversion of 8,99,000 warrants into Equity Shares of the Company, and ₹ 80,91,000 was received in respect of the conversion. These Shares were allotted on conversion of warrants on preferential basis and are under lock-in for a period of three (3) years from the date of allotment i.e. from 29th September, 2009 to 28th September, 2012.

Further during the year, on 09th July, 2010, third tranche conversion option was exercised for conversion of 9,46,500 warrants into Equity Shares of the Company, and ₹ 85,18,500 was received in respect of the conversion. These Shares were allotted on conversion of warrants on preferential basis and are under lock-in for a period of three (3) years from the date of allotment i.e. from 09th July, 2010 to 08th July, 2013.

**Issue of 1,03,90,000 Convertible Warrants on preferential basis to selected persons (promoter, public and body corporate):**

During the year under review, the Company, after obtaining the consent of the members through Special Resolution under Postal Ballot, and after following the procedures prescribed under Section 81(1A) of the Companies Act, 1956, SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and subject to the provisions contained in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, allotted 1,03,90,000 warrants on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant.

Postal Ballot Exercise:

During the year ended on 31st March, 2011, the Company sought the approval of its members by way of Postal Ballot in respect of the following resolutions by notice dated 18th October, 2010. Mr. Bharat Pathak, Practicing Company Secretary, was appointed as the Scrutinizer for the Postal Ballot exercise. The result was declared on the 26th November, 2010.

- Issue of 1,10,00,000 warrants with convertible option to selected persons (promoter/public/body corporate) on preferential basis pursuant to Sec. 81 and 81 (1A) of the Companies Act, 1956 & Chapter VII of SEBI (ICDR) Regulations, 2009.
- Special Resolution for Shifting of Registered Office of the Company from Mumbai to Silvassa and consequent change in Clause II of the Memorandum of Association pursuant to Sec. 17 read with Sec.146 (2) of Companies Act, 1956.

The details of the voting pattern for Postal Ballot are given below:

Particulars	Item No. 1.		Item No. 2	
	No. of Postal Ballot forms	No. of Shares	No. of Postal Ballot forms	No. of Shares
a) Total Postal ballot forms received	275	8632030	275	8632030
b) Less Invalid postal ballot forms (as per Register)	13	4183	19	15851
c) Net Valid postal ballot forms	262	8627847	256	8616179
d) Postal ballot forms with assent for the Resolution	221	8591908	223	8582872
e) Postal ballot forms with dissent for the resolution	41	35939	33	33307

Resolutions were passed with requisite majority.

Change in name of the Company:

The name of your Company has been changed from "Raj Rayon Limited" to "Raj Rayon Industries Limited" w.e.f. 18th August, 2010, pursuant to the special resolution passed by members in the 17th Annual General Meeting held on 07th August, 2010 & approval by Registrar of Corporate Affairs.

Change of Registered Office of the Company:

The registered office of your Company has been shifted from "5C-196/197, Akshay Mittal Industrial Estate, Sakinaka, Andheri(East), Mumbai-400059" to "Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230" w.e.f. 31st March, 2011, pursuant to the special resolution passed by members through postal ballot on 26th November, 2010 & confirmed & approved by Company Law Board vide its order dated 29th March, 2011.

Fixed Deposits:

The Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and no such amount of principle or interest was outstanding as on the Balance Sheet date.

Directors:

In terms of Article 99 of the Articles of Association of the Company, Mr. Jagdish Chandra Somani, Director, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. Brief resume of the Director proposed to be appointed/reappointed, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, is provided in the Corporate Governance Report forming part of the Annual Report.

Directors Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- the Directors have selected such accounting policies, and applied them consistently, and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern basis'.

Auditors and Auditors Report:

M/s R.S. Agrawal & Associates, Chartered Accountants (Registration No. 100156W), who are Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their appointment /reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such



RAJ RAYON INDUSTRIES LIMITED

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appointment/reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore does not call for any further comments except a non provision for doubtful debts amounting to ₹ 88.61 lacs where your directors are confident that the money will be recovered for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.

Particulars of Employees:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Director's Report. There were no employees who were in receipt of remuneration for which particulars of employees have to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided herein below:

(A) Conservation of Energy:

The information in regard to power and fuel consumption and cost per unit of production is furnished in the prescribed form herein below:

FORM FOR DISCLOSURE OF PARTICULARS WITH REPECT TO CONSERVATION OF ENERGY

Particulars	Units	Current Year	Previous Year
(a) Power & Fuel Consumptions:			
1. Electricity Purchased-Units	KWH in lacs	852.96	746.32
Total Amount	₹ In Lacs	2719.94	2862.02
Average Rate	₹ Per Unit	3.19	3.83
2. Light Diesel Oil (LDO)/ Furnace Oil (FO)			
Quantity	Kilo Litres	322.00	397.35
Total Cost	₹ In Lacs	88.34	92.68
Average Rate	₹ Per Litre	29.97	23.32
(b) Consumption per unit of Production:			
1. Electricity (KWH) Yarn	100 Kgs	128.11	126.42
2. Light Diesel Oil (Litres) Yarn	100 Kgs	0.44	0.67

B) Technology Absorption:

As in the past, the Company continues its efforts to improve quality of yarns as routine activities.

C) Foreign Exchange earning and outgo:

The particulars regarding foreign exchange earnings and outgo are given in Schedule 22. Notes forming part of the Accounts.

Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors' adhere to the requirements set out by the Securities and Exchange Board of India, Corporate Governance practice and have implemented all the prescribed stipulations.

Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, forms part of the Annual Report. Certificate from the Auditor of the Company **M/s R. S. Agrawal & Associates** confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

Acknowledgement:

Your Directors' would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors' also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of the Directors

Place: Mumbai
Dated: 26th May, 2011

Gourishankar Poddar
Chairman & Managing Director

**AUDITORS' REPORT**

To
The Members of
RAJ RAYON INDUSTRIES LIMITED
(formerly known as Raj Rayon Limited)

1. We have audited the attached Balance Sheet of **RAJ RAYON INDUSTRIES LIMITED** [formerly known as Raj Rayon Limited (hereinafter referred to as 'the company')] as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, (hereinafter referred to as 'the CARO, 2003') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, (hereinafter referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards ('AS') referred to in sub-section (3-C) of section 211 of the Act, *except, AS-28 as referred to in note no.3(i) of schedule 22 for non provision of doubtful debts for recovery of which the company has filed legal suits amounting to ₹88,60,803/-;*
 - (v) *we, further report that, had the company made the respective provision for doubtful debts, the profit for the year and also surplus in Profit and Loss Account would have been lower by ₹ 88,60,803/-;*
 - (vi) based on the written representation received from the directors as at 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2011 from being appointed as a director in terms of section 274 (1) (g) of the Act;
 - (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule '21' and '22' respectively give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

R.S. Agrawal
Partner
Membership No. 33216

Mumbai
26th May, 2011



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we report that:

- (i) (a) the company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) as explained to us, major portion of the fixed assets has been physically verified by management during the year at reasonable intervals. No material discrepancies were noticed on such verification; and
- (c) during the year the company has not disposed off a substantial part of its fixed assets and the going concern status of the company is not affected;
- (ii) (a) as explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) the procedures, explained to us, that followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business; and
- (c) on the basis of examination of the inventory records of the company, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of inventory as compared to book records;
- (iii) (a) the company has not granted, during the year, secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act; therefore provisions of clause 4(iii) (a) to (d) of the CARO, 2003 are not applicable to the company; and
- (b) the company has taken unsecured loans from the companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 902.50 lacs and year-end balance was ₹ 745.00 lacs from a company;
- (c) in our opinion, the rate of interest, wherever applicable, and other terms and conditions on which the loans have been taken from the bodies corporate listed in the register maintained under section 301 of the Act are not prima-facie prejudicial to the interest of the company; and
- (d) since the aforesaid loans, as informed to us, are repayable on demand, the payment of principal amount and interest on the aforesaid loans were regular;
- (iv) in our opinion, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, no major weakness in internal control, has been noticed;
- (v) (a) to the best of our knowledge and belief and representations given to us, we are of the opinion that the particulars of contracts or arrangements, referred to in section 301 of the Act have been entered in the register maintained under section 301 of the Act; and
- (b) in our opinion the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act exceeding the value of ₹ 5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- (vi) in our opinion, the company has not accepted any deposit from the public;
- (vii) in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) we have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Act and are of the opinion that prima-facie the prescribed records have been made and maintained. We have not, however, carried out detailed examination of same;
- (ix) (a) the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2011 for a period of more than six months from the date they became payable; and
- (b) the disputed statutory dues in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are as under:-



Name of the Statute	Nature of the dues	Amount in ₹(excluding penalties and interest, if any)	Period to which the amount relates	Forum where dispute is pending	
Central Excise Act	Excise Duty	23,88,909	1995-1996	Additional Directorate General of Anti-Evasion.	
		32,08,844	1996-1997		
		38,29,886	1997-1998		
		25,82,445	1998-1999		
		7,40,129	1999-2000		
		1,27,50,213			
		8,500#	1999-2000		The Company is in process of getting refund.
		2,95,032	2003-2004		Appellate Tribunal of Central Excise.
		3,35,298	2003-2004 & 2004-2005		The company has filed reply to show cause notice to Superintendent of Central Excise.
2,83,594#	2003-2004	The Company has filed appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad.			
70,86,992	2005-2006 & 2006-2007	The company has filed reply to Show Cause Notice received from Commissioner of Central Excise & Customs, Vapi.			
1,90,06,648	2006-2007 & 2007-2008	The Company has filed reply to show cause notice received from the Office of the Commissioner, Central Excise & Customs, Vapi.			
1,87,08,431	2007-2008	The company has filed reply to Show Cause Notice received from Commissioner Central Excise & Customs, Vapi.			
3,32,03,541	2009-2010	The Company is in the process of replying to Show Cause Notice received from Commissioner Central Excise & Customs, Vapi.			
Textile Committee	Cess	34,715 87,643 2,12,521 3,09,818 1,37,459	1997-1998 1998-1999 1999-2000 2000-2001 2001-2002	7,82,156 Textile Cess Appellate Tribunal.	
Income Tax Act	Income Tax	2546695	2004-2005*	Application for giving effect to the order of CIT(A) is pending before the Assessing Officer. The appeal was decided in favour of the company.	
# Payment made under protest.					
* Assessment Year					

- (x) the company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;
- (xi) according to the records examined by us, the company has not defaulted in repayment of dues to the banks. There are no dues to a financial institution or debenture holders;
- (xii) as explained to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable to the company;
- (xiv) the company has dealt or traded in shares, securities, debentures and other investments. The company has maintained proper records and made timely entries of such transactions and contracts. The company in its own name holds all the shares, securities and other investments;
- (xv) the company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) on the basis of the records examined by us, and relying on the information compiled by the company for co-relating the funds raised to the end use of the term loans, we have to state that, the company has, prima-facie, applied the term loan for the purpose for which they were obtained;
- (xvii) on an overall examination of the financial statements of the company, we are of the opinion that, no funds raised on short-term basis have prima- facie been used for long-term purposes;
- (xviii) the company has made preferential allotment of 26,90,000 share warrants convertible into equity shares to a company covered in the register maintained under section 301 of the Act on preferential basis in accordance with SEBI (ICDR) Regulations, 2009. Accordingly, in our opinion, the prices at which the share warrants were issued is not prejudicial to the interest of the company;
- (xix) the company has not created any security or charge in respect of any secured debentures as no secured debentures were issued. Accordingly, the provisions of clause 4 (xix) of the CARO, 2003 are not applicable to the company;
- (xx) the company has not raised money through public issue during the year; and
- (xxi) to the best of our knowledge and belief, no fraud on or by the company, has been noticed or reported by the company during the year.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

R.S. Agrawal
Partner

Membership No. 33216

Mumbai
26th May, 2011



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

BALANCE SHEET AS ON 31st MARCH, 2011

(Amt. in ₹)

PARTICULARS	SCHEDULES	As on 31 st March, 2011	As on 31 st March, 2010
SOURCES OF FUNDS:			
SHAREHOLDERS' FUND			
Share Capital	1	189447000.00	179982000.00
Reserves and Surplus	2	704211368.03	670534461.22
Share Warrant Application Money (See Note No. 10(d) of Schedule 22)		44157500.00	946500.00
		937815868.03	851462961.22
LOAN FUNDS			
Secured Loans	3	1359043000.05	1110563669.09
Unsecured Loans	4	339054215.00	257320889.00
DEFERRED TAX LIABILITY (Net)	5	86846574.00	61672889.00
TOTAL		2722759657.08	2281020408.31
APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	6	2648679302.68	2389341271.28
Less: Depreciation		1005493986.17	827260836.17
Net Block		1643185316.51	1562080435.11
Add : Capital Work in Process		61521673.35	48990079.00
		1704706989.86	1611070514.11
INVESTMENTS	7	19037340.00	18662130.00
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	8	826090209.00	590248978.02
Sundry Debtors	9	828769798.85	665907005.96
Cash and Bank Balances	10	50138249.37	41908771.25
Loans and Advances	11	167153490.88	182691639.43
		1872151748.10	1480756394.66
Less: CURRENT LIABILITIES AND PROVISIONS:			
Current Liabilities	12	853011274.88	818301183.46
Provisions	13	20125146.00	11167447.00
		873136420.88	829468630.46
NET CURRENT ASSETS		999015327.22	651287764.20
TOTAL		2722759657.08	2281020408.31
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES FORMING PART OF THE ACCOUNTS	22		

Schedules referred to above are integral part of financial statements.

As per our attached report of even date:

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

Firm Registration Number-100156W

For and on behalf of the Board

GOURISHANKAR PODDAR

Chairman & Managing Director

RAJKUMARI KANODIA

Director

R.S. Agrawal

Partner

Membership no.: 33216

Mumbai, 26th May, 2011

GITA YADAV

Company Secretary

Mumbai, 26th May, 2011



18TH ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Amt. in ₹)

PARTICULARS	SCHEDULES	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
INCOME :			
Sales and Other Income	14	4336868671.74	3376278127.36
Increase / (Decrease) in Stock	15	<u>176307503.91</u>	<u>106616533.95</u>
		4513176175.65	3482894661.31
EXPENDITURE:			
Cost of Inventories Consumed and Sold	16	2562894206.15	1952063305.79
Cost of Goods Traded in		847846519.00	603887991.00
Payments to and Provisions for Employees	17	65650669.00	55453465.00
Manufacturing Expenses	18	534067445.57	492213573.69
Administrative, Selling and Other Expenses	19	47858193.11	35813148.69
Depreciation	6	205124456.00	170395705.45
Finance Charges	20	187939224.84	154730244.06
Exchange Rate Diff.		<u>(6520842.83)</u>	<u>(14717362.93)</u>
		4444859870.84	3449840070.75
PROFIT BEFORE TAX		68316304.81	33054590.56
Less/(Add): Provision for Taxation			
Current Tax		14739000.00	5972000.00
MAT Credit Entitlement		(12234400.00)	(4958200.00)
Deferred Tax (Asset)/Liability		25173685.00	796476.00
		40638019.81	31244314.56
PROFIT AFTER TAX		40638019.81	31244314.56
Add/(Less) : Tax Adjustments for earlier yrs			
Income Tax		(45440.00)	(6105576.00)
		40592579.81	25138738.56
Add / (Less) : Prior Period Items		0.00	19136.00
		40592579.81	25157874.56
Less: Additional provision for dividend for earlier year		283950.00	0.00
Less: Additional provision for Tax for earlier year		26322.00	0.00
Less: Proposed Dividend		5683410.00	5399460.00
Less: Provision for Tax on Proposed Dividend		<u>921991.00</u>	<u>917638.00</u>
		33676906.81	18840776.56
Add : Balance b/f from previous year		240349007.35	221508230.79
Balance carried over to Balance Sheet		<u>274025914.16</u>	<u>240349007.35</u>
Basic earning per share		2.17	1.43
Diluted earning per share		2.05	1.42
(See note no. 13 of schedule 22)			
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES FORMING PART OF THE ACCOUNTS	22		

Schedules referred to above are integral part of financial statements.

As per our attached report of even date:

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

Firm Registration Number-100156W

R.S.Agrawal

Partner

Membership no.: 33216

Mumbai, 26th May, 2011

For and on behalf of the Board

GOURISHANKAR PODDAR

Chairman & Managing Director

RAJKUMARI KANODIA

Director

GITA YADAV

Company Secretary

Mumbai, 26th May, 2011



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Amt. in ₹)

PARTICULARS	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	68,316,304.81	33,054,590.56
Adjustment for:		
Depreciation	205,124,456.00	170,395,705.45
Net Prior Year Adjustments	-	19,136.00
Investment Income:		
(Profit)/Loss on sale of fixed assets	1,162,523.25	(27,210,060.59)
(Profit)/Loss on sale of Investment	(19,436.00)	(32,915,303.64)
Interest /Other Income	(29,864,864.66)	(23,758,958.17)
Interest Expenses	187,939,224.84	154,730,244.06
Operating Profit before Working Capital changes	432,658,208.24	274,315,353.67
Adjustment for:		
Trade and Other Receivables	(161,720,011.29)	(100,226,399.73)
Inventories	(235,841,230.98)	(194,952,411.98)
Trade Payables	52,360,783.27	305,928,955.78
Cash generated from operations	87,457,749.24	285,065,497.74
Direct Taxes Paid	4,890,983.00	(6,763,527.00)
Cash flow before Extraordinary Items	92,348,732.24	278,301,970.74
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	92,348,732.24	278,301,970.74
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(300,568,672.00)	(480,173,008.38)
Sale of Fixed Assets	645,217.00	77,817,112.00
Sale / (Purchase) of Investments	(355,774.00)	55,893,689.32
Interest / Other income	29,864,714.66	23,758,808.17
Dividend Received	150.00	150.00
NET CASH USED IN INVESTING ACTIVITIES	(270,414,364.34)	(322,703,248.89)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares (incl. warrants)	52,676,000.00	8,990,000.00
Increase/(Decrease) in Unsecured Loan	81,631,004.00	187,320,889.00
Proceeds from Long Term Borrowings	249,903,950.00	203,954,374.00
Repayment of Long Term Borrowings	(160,371,238.00)	(171,861,786.04)
Change in Working Capital Borrowing from Banks	152,380,983.06	(31,995,605.25)
Interest Paid	(187,836,902.84)	(154,730,244.06)
Dividend Paid	(5,683,410.00)	-
NET CASH FROM FINANCING ACTIVITIES	182,700,386.22	41,677,627.65
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	4,634,754.12	(2,723,650.50)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,603,630.27	4,327,280.77
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	6,238,384.39	1,603,630.27

Notes to cash flow statement:

- (*) Inclusive of ₹ 615.22 lacs (₹ 489.90 lacs) Capital Work in Process.
- All figures in brackets are outflow; and
- Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

Firm Registration Number-100156W

GOURISHANKAR PODDAR

Chairman & Managing Director

RAJKUMARI KANODIA

Director

R.S.Agrawal

Partner

Membership no.: 33216

Mumbai, 26th May, 2011

GITA YADAV

Company Secretary

Mumbai, 26th May, 2011



18TH ANNUAL REPORT 2010-2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amt. in ₹)

PARTICULARS	As on 31 st March, 2011	As on 31 st March, 2010
SCHEDULE '1' SHARE CAPITAL :		
AUTHORISED:		
300,00,000 (300,00,000) Equity Shares of ₹ 10/- each	300000000.00	300000000.00
TOTAL	300000000.00	300000000.00
ISSUED , SUBSCRIBED AND PAID UP:		
18944700 (17998200) Equity Shares of ₹ 10/- each fully paid (See note no.10(a) of Schedule 22)	189447000.00	179982000.00
TOTAL	189447000.00	179982000.00
SCHEDULE '2' RESERVES AND SURPLUS :		
Share Forfeiture Reserve Account (Balance as per last balance sheet)	17500.00	17500.00
Securities Premium account (Balance as per last balance sheet)	430167953.87	430167953.87
Surplus in Profit and Loss Account	274025914.16	240349007.35
TOTAL	704211368.03	670534461.22
SCHEDULE '3' SECURED LOANS :		
Term Loans from:		
State Bank of India (Repayable within one year ₹ 745.80 lacs Previous year ₹ 951.30 lacs) (Including converted into FCNR-B TL ₹ 1269.28 lacs Previous year ₹ 1885.62 lacs)	363961822.00	349265480.10
State Bank of Mysore (Repayable within one year ₹ 143.52 lacs Previous year ₹ 406.84 lacs)	82231879.00	122916125.00
State Bank of Hyderabad (Repayable within one year ₹ 220.40 lacs Previous year ₹ 121.12 lacs)	273890657.00	138458658.00
State Bank of Indore (Repayable within one year ₹ Nil Previous year ₹ 124.91 lacs)	0.00	12490802.00
HDFC Bank (Repayable within one year ₹ 3.52 lacs Previous year ₹ 3.19 lacs)	445345.60	764433.60
Kotak Mahindra Prime Limited (Repayable within one year ₹ 5.68 lacs Previous year ₹ 5.32 lacs)	2330088.00	2865945.00
Working Capital Assistance :		
Cash Credit from Banks	636183208.45	483802225.39
TOTAL	1359043000.05	1110563669.09



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Notes on nature of security :

- a) Term Loans are secured by Equitable Mortgage of factory premises of all the units and hypothecation of plant and machineries and other fixed assets and further secured by charge over current assets of the company in favour of State Bank of India, State Bank of Hyderabad and State Bank of Mysore on pari passu basis.
- b) Term Loans from Kotak Mahindra Prime Ltd and HDFC Bank are secured by Hypothecation of specific vehicles.
- c) Cash Credit Loans and other non funded facilities are secured by Hypothecation charge (pari passu) on entire current assets of the company and further secured by charge on all the fixed assets of the company on pari passu basis between State Bank of India, State Bank of Hyderabad and State Bank of Mysore.
- d) Loans including non funded facilities from State Bank of India, State Bank of Hyderabad and State bank of Mysore are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Chairman & Managing Director and one non executive director of the company and lien on FDR of ₹ 29.00 lacs.

(Amt. in ₹)

PARTICULARS	As on 31 st March, 2011		As on 31 st March, 2010							
SCHEDULE '4' UNSECURED LOANS :										
Inter-Corporate Deposits/Loans		<u>339054215.00</u>		<u>257320889.00</u>						
TOTAL		<u>339054215.00</u>		<u>257320889.00</u>						
SCHEDULE '5' DEFERRED TAX LIABILITY (Net)										
Arising on account of timing difference:										
Deferred tax liability:										
Depreciation		109486340.00		106866090.00						
Deferred tax asset		<u>(22639766.00)</u>	86846574.00	<u>(45193201.00)</u>						
Gratuity		(752272.00)		(628566.00)						
Unabsorbed depreciation		(21440101.00)		(42925643.00)						
Expenses under section 43B of the Income Tax Act		(447393.00)		(323939.00)						
Expenses under section 35D of the Income Tax Act		0.00		(1315053.00)						
TOTAL		<u>86846574.00</u>		<u>61672889.00</u>						
SCHEDULE '6' FIXED ASSETS :										
PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As on 31.03.2010	Additions during the year	Sold/discarded during the year	Total As on 31.03.2011	Provided upto 31.03.2010	Provided for the year	Written Back during the year	Total upto 31.03.2011	Total as on 31.03.2011	Total as on 31.03.2010
Land	11325926.00	4121772.00	0.00	15447698.00	0.00	0.00	0.00	0.00	15447698.00	11325926.00
Air Condition System	62723406.03	0.00	0.00	62723406.03	33114768.27	5277082.00	0.00	38391850.27	24331555.76	29608637.76
Electrical Installation	226689321.45	21408377.00	0.00	248097698.45	80255678.60	22809421.00	0.00	103065099.60	145032598.85	146433642.85
Factory Building	333418093.64	86207079.35	0.00	419625172.99	44096851.83	11376106.00	0.00	55472957.83	364152215.16	289321241.81
D.G.Sets	9833941.28	0.00	0.00	9833941.28	5281622.86	1016829.00	0.00	6298451.86	3535489.42	4552318.42
Plant & Machinery	1707271145.78	175032665.30	28374496.25	1853929314.83	650877512.62	161601673.00	26645371.00	785833814.62	1068095500.21	1056393633.16
Furniture & Fixtures	14124018.71	252554.00	0.00	14376572.71	4070206.32	901407.00	0.00	4971613.32	9404959.39	10053812.39
Vehicle	8785415.38	0.00	324550.00	8460865.38	2552537.36	783937.00	245935.00	3090539.36	5370326.02	6232878.02
Office Equipments	2304870.00	33414.00	0.00	2338284.00	1498086.01	86594.00	0.00	1584680.01	753603.99	806783.99
Computers	8325834.01	981216.00	0.00	9307050.01	5260771.18	1197416.00	0.00	6458187.18	2848862.83	3065062.83
Office Premises	4539299.00	0.00	0.00	4539299.00	252801.12	73991.00	0.00	326792.12	4212506.88	4286497.88
Total as on 31.03.2011	2389341271.28	288037077.65	28699046.25	2648679302.68	827260836.17	205124456.00	26891306.00	1005493986.17	1643185316.51	1562080435.11
Total as on 31.03.2010	2020607846.96	434810160.38	66076736.06	2389341271.28	672334815.37	170395705.45	15469684.65	827260836.17		
Capital Work-in progress									61521673.37	48990079.00



18TH ANNUAL REPORT 2010-2011

(Amt. in ₹)

PARTICULARS	As on 31 st March, 2011	As on 31 st March, 2010
SCHEDULE '7' : INVESTMENTS :		
Long Term Investments (at cost):		
Others : Unquoted (Equity shares fully paid up):		
100100 (100100) Equity Shares of Raj Money Market Ltd of ₹ 10/- each	1001000.00	1001000.00
70000 (70000) Equity Shares of Sangam Spinfab Ltd. of ₹ 10/- each	700000.00	700000.00
20 (20) Shares of The Thane Janata Sahakari Bank Ltd of ₹ 50/- each	1000.00	1000.00
Others : Unquoted (units):		
SBI Infrastructure Fund	0.00	700000.00
No. of units NIL (70000); face value ₹ 10/- each.		
Immovable Properties	17335340.00	16260130.00
(See Note No. 15 of Schedule 22)		
TOTAL	<u>19037340.00</u>	<u>18662130.00</u>

Purchase and sale / redemption of investments during the year:

Description	Acquisition		Disposals	
	Nos.	Amount (in ₹)	Nos.	Amount (in ₹)
Units of schemes of various funds:				
SBI Infrastructure Fund			70000	733861.00
L192G SBI PSU Fund Growth	170000	1700000.00	170000	1685575.00
Immovable Properties	2*	1075210.00		
(*) Part payment made during the year.				

SCHEDULE '8' INVENTORIES :

Raw Material	176419660.00	121007861.21
Stock-in-process	161115418.00	171427707.15
Finished Stock	411346665.00	224238518.14
Stores and Spare parts	39909282.00	38321672.34
Packing Materials	37299184.00	35253219.18
TOTAL	<u>826090209.00</u>	<u>590248978.02</u>

SCHEDULE '9' SUNDRY DEBTORS:

Debts outstanding for a period exceeding six months:		
Unsecured, considered good	22504463.00	24311460.00
Others:		
Unsecured, considered good	806265335.85	641595545.96
TOTAL	<u>828769798.85</u>	<u>665907005.96</u>



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

(Amt. in ₹)

PARTICULARS	As on 31 st March, 2011	As on 31 st March, 2010
SCHEDULE '10' CASH AND BANK BALANCES :		
Cash on hand	493862.00	798118.95
Cheques in hand	1483768.00	0.00
Balances with scheduled banks:		
In Fixed deposits Accounts (Lien with Sales Tax Deptt.)	10000.00	10000.00
In Fixed deposits Accounts for Margin Money	43889865.00	40295141.00
In Current Accounts	4260754.37	805511.30
TOTAL	50138249.37	41908771.25
SCHEDULE '11' LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	107838218.50	99242507.50
Cenvat	57017423.00	81793827.00
Less: Provision for excise duty on finished goods	23967460.00	13166817.05
Deposits	3429900.00	3474140.00
Balances with Excise Deptt.	51279.00	51279.00
Advances for capital goods	19450467.38	5895794.00
Advances to Suppliers	3333663.00	5400908.98
TOTAL	167153490.88	182691639.43
SCHEDULE '12' CURRENT LIABILITIES :		
Acceptances (See note no.11 of Schedule 22)	398266336.02	334926495.98
Sundry Creditors (See note no.12 of Schedule 22)		
-Micro, Small and Medium Enterprises	0.00	0.00
-Others	388502452.64	361669983.60
Creditors for Capital Goods		
-Micro, Small and Medium Enterprises	0.00	0.00
-Others	21694676.16	38119690.18
Advances from customers	3762773.15	6597530.00
Statutory Liabilities	4278607.00	3735044.00
Other Liabilities	34521570.00	73252439.70
Bank Overdraft (Due to cheques overdrawn)	1984859.91	0.00
TOTAL	853011274.88	818301183.46
SCHEDULE '13' PROVISIONS :		
For Retirement benefits -gratuity	2318608.00	2034195.00
For Proposed dividend	5683410.00	5399460.00
For Tax on Proposed dividend	921991.00	917638.00
Provision For Taxation	20711000.00	14265900.00
Less: Advance Tax	9509863.00	11449746.00
TOTAL	20125146.00	11167447.00



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Schedules forming part of the Profit & Loss Account

(Amt. in ₹)

PARTICULARS	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
SCHEDULE '14' SALES AND OTHER INCOME :		
Sales	<u>4580749970.16</u>	<u>3458020680.06</u>
Local	<u>4207702266.68</u>	<u>3309250483.06</u>
Export	<u>373047703.48</u>	<u>148770197.00</u>
Less: Excise duty and taxes	<u>352822157.00</u>	<u>184916510.00</u>
	4227927813.16	3273104170.06
Job Charges	22994713.00	0.00
Export Incentives	56511165.00	19129214.00
Interest (Gross) (TDS* ₹ 22.97 Lacs Pre.Yr. ₹ 24.05 lacs)	29864714.66	23758808.17
Profit on Sale of Investments	19436.00	32915303.64
Profit/(Loss) from sale of fixed assets	(1162523.25)	27210060.59
Miscellaneous Income	713353.17	160570.90
(See Note No. 19 of Schedule 22)		
TOTAL	<u>4336868671.74</u>	<u>3376278127.36</u>
SCHEDULE '15' INCREASE/(DECREASE) IN STOCK:		
Closing Stock of Finished Goods	<u>411346665.00</u>	<u>224238518.14</u>
Less: Opening Stock of Finished Goods	<u>224238518.14</u>	<u>107171818.63</u>
	187108146.86	117066699.51
Less: Excise Duty on finished goods (Net)	<u>10800642.95</u>	<u>10450165.56</u>
TOTAL	<u>176307503.91</u>	<u>106616533.95</u>
SCHEDULE '16' COST OF INVENTORIES CONSUMED AND SOLD:		
Opening Stock		
Raw Material	<u>121007861.21</u>	<u>58114319.43</u>
Work-in-Process	<u>171427707.15</u>	<u>167828701.72</u>
Add: Cost of Purchases:	2607993715.79	2018555853.00
Less:Closing Stock:		
Raw Material	<u>176419660.00</u>	<u>121007861.21</u>
Stock in Process	<u>161115418.00</u>	<u>171427707.15</u>
TOTAL	<u>2562894206.15</u>	<u>1952063305.79</u>
SCHEDULE '17' PAYMENTS TO AND PROVISION FOR EMPLOYEES:		
Salaries, Wages, Bonus and Allowances	61287874.00	52169185.00
Contribution to Provident Fund and other funds	2849882.00	2275882.00
Staff & Labour Welfare	1512913.00	1008398.00
TOTAL	<u>65650669.00</u>	<u>55453465.00</u>



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(Amt. in ₹)

PARTICULARS	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
SCHEDULE '18' MANUFACTURING EXPENSES:		
Power & Fuel	280827749.00	295469690.00
Transportation and Freight	35821531.00	18843967.19
Stores, Spares & Tools	27081505.95	35853522.38
Repairs & Maintenance to building	1145379.00	631549.00
Repairs & Maintenance to plants	3970959.00	6282851.00
Packing Material Consumed & Expenses	136654268.62	105221068.12
Job Charges	5645720.00	412027.00
Labour Charges	42920333.00	29498899.00
TOTAL	534067445.57	492213573.69
SCHEDULE '19' ADMINISTRATIVE, SELLING AND OTHER EXPENSES:		
Printing & Stationery	2450278.80	1844080.23
Postage & Telegram	888572.00	596743.00
Telephone & Telex charges	1239924.21	1534518.23
Travelling & Conveyance	7361660.97	7546486.84
Auditors' Remuneration (See note no.2 of Schedule 22)	734500.00	662500.00
General Expenses	3399787.15	4073925.26
Rent	150000.00	150000.00
Rates & Taxes	1275842.00	844897.00
Electricity expenses	637167.00	549140.00
Insurance charges	1458151.20	1461601.00
Advertisement & Publicity	1547477.78	626226.13
Commission & Brokerage	13265729.00	9631503.00
Repairs & Maintenance	1123580.00	2196116.00
Legal & Professional charges	12325523.00	4095412.00
TOTAL	47858193.11	35813148.69
SCHEDULE '20' FINANCE CHARGES:		
On Term Loan	47403051.00	46101779.89
On Working Capital	55998428.49	44858294.79
Bank and other financial charges	60954681.35	52970130.38
Others Interest	23583064.00	10800039.00
TOTAL	187939224.84	154730244.06

**SCHEDULE '21' SIGNIFICANT ACCOUNTING POLICIES.****1. SYSTEM OF ACCOUNTING**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- b) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

2. FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction inclusive of freight, duties and taxes and incidental expenses, less accumulated depreciation (except land), amortisation, amortisation and impairment loss, if any.

3. INVESTMENTS

- a) Long term investments are being valued at cost of acquisition. Provision is made to recognise a decline, other than temporary, in the carrying amount of long term investments.
- b) Short-term investments are being valued at cost or market value whichever is lower.

4. DEPRECIATION

- a) No depreciation is provided for leasehold land and freehold land.
- b) Depreciation on fixed assets is being provided on "Straight line method" basis at the rates specified in Schedule XIV to the Companies Act, 1956 till the written down value is reduced to 5% of the gross value being minimum fetchable value. No further depreciation is provided on such balance.
- c) Depreciation in respect of addition to the fixed assets is provided on Pro-rata basis from the month in which such assets are acquired/installed/started commercial production.
- d) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates upto the month in which such assets are sold, discarded or demolished.
- e) The provision for depreciation for multiple shifts, wherever applicable, as per records, and as advised, has been made on the basis of the actual utilisation of respective eligible assets.

5. INVENTORIES

- a) Valuation of inventories is inclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- b) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- c) Stores, Spares and Tools are being valued at weighted average cost.

- d) Goods in Transit, if any, are stated at actual cost upto the date of the Balance Sheet.
- e) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

6. SALES

Sales include excise duty, sales tax and value added tax and exclude discount, claims, and shortage. The commission, brokerage and incentives are recognised as an expense for the sales. Transportation and marine insurance recovered from customers are reduced from the respective expenses.

7. RETIREMENT AND OTHER BENEFITS TO EMPLOYEES

- (a) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.
- (b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects are taken up by the company.

8. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Miscellaneous expenditures are amortised over a period of 5 years in which the same are incurred.

9. PRIOR PERIOD INCOME / EXPENSES

The company follows the practice of making adjustments through "Prior Period items" in respect of all material transaction pertaining to the period prior to current accounting period/year.

10. INCOME FROM INVESTMENTS

Incomes from Investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

11. CONTINGENT LIABILITIES

Contingent liabilities are not recognised but are disclosed by way of notes to accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and other proceedings etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advance till the final disposal of the matters.

12. EXCISE DUTY

- a) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- b) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- c) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.



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13. LEASES

The present value of the lease payments is recognised as an asset with a corresponding liability. Annual lease payments are allocated into financial charge and also principal repayment. The financial charge is charged to the profit & loss account and the portion of the principal amount paid is deducted from the liability. The depreciation is also charged to profit & loss account on the assets taken on finance lease.

14. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

15. SEGMENT REPORTING

Segments have been identified in line with the AS-17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

16. BORROWING COSTS

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete or the fixed assets are put to use. Other borrowing costs are charged to Profit & Loss Account.

17. TRANSACTION IN FOREIGN CURRENCIES

a) Initial Reorganisation:

Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.

b) Conversion:

Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.

c) Exchange Difference:

The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

In case the monetary items are covered by the forward exchange contracts, the difference between the year end exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

d) Forward Exchange Contracts:

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the statement of profit and loss account in the year in which the exchange rate changes.

Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

In case of transactions covered by forward exchange contracts, which are intended for trading or speculation purposes, the premium/discount is ignored and at each balance sheet date, the value of the contract is marked to its market value and gain/loss on the contract is recognised.

e) Non-monetary foreign currency items such as investments are carried at cost.

18. IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

SCHEDULE '22': NOTES FORMING PART OF ACCOUNTS

1. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all the known liabilities is adequate. There is no unrecognised impairment loss.

2. Auditors' Remuneration (excluding service tax):

(Amount in ₹)

Particulars	Year ended	Year ended
	31.03.2011	31.03.2010
Statutory Audit Fees	350000.00	350000.00
Income Tax Audit Fees	75000.00	75000.00
Sales Tax Audit Fees	50000.00	40000.00
Income Tax Matters	165000.00	160000.00
Certification Work	79500.00	22500.00
Out of Pocket	15000.00	15000.00
Total	734500.00	662500.00

3. Contingent liabilities not provided for:

a) Guarantees given by the bankers of the company amounting to ₹ 328.75 lacs (₹ 391.25 lacs) against the fixed deposit of ₹34.85 lacs (₹ 40.32lacs) kept as margin money;

b) In respect of Excise matters ₹ 916.78 lacs (₹ 584.75 lacs) (excluding a show cause notice received from Additional Director General, DGCEI, MZU, Mumbai where amount is unascertainable), for demand and show cause notices received, as per legal opinion taken, the Board is of the view that the company has a very fair chance of succeeding in these matters;

c) In respect of levy of Cess ₹ 7.82 lacs (₹ 7.82 lacs), for demand and show cause notices received, as per legal opinion taken, the Board is of the view that the company has fair chances of succeeding in the matter at higher forum;



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- d) Inland / Foreign letter of credit (Import) issued by the bank amounting to ₹32.50 lacs (₹60.38 lacs);
- e) Sales bills discounted with SBI Global Factors Ltd ₹ 284.17 lacs (₹283.74 lacs);
- f) Sales bills discounted with State Bank of India ₹404.34 lacs (₹ Nil);
- g) Notice received from SEBI, for delay in submission of certain information to BSE, amounting to ₹1.75 lacs (₹1.75 lacs);
- h) Liability, if any, arising on account of undertakings given by the company under EPCG Scheme, pending fulfilment of export obligation approximately ₹ 818.61 lacs (₹ 248.86 lacs); and
- i) Impairment loss, if any, on realisation of suit filed debts ₹88.61 lacs (₹92.68 lacs).

4. Estimated amount of contracts, net of advances, remaining to be executed on capital account ₹2016.56 lacs (₹0.47 lacs);

5. Related Party Disclosures:

- I. Names of related parties and description of relationships
- a) Party owning an interest in voting power of the company that gives it significance influence over the company:
Raj Money Market Limited
- b) Key management personnel:
- (i) Shri Gourishankar Poddar - Chairman & Managing Director
- (ii) Shri Sushil Kumar Kanodia - Executive Officer
- c) Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:
- (i) Gourishankar Poddar HUF
- (ii) Sangam Spinfab Limited
- II. Transactions during the year and balances outstanding as at year end with the related parties are as follows:

(₹ in lacs)

Particulars	Volume of Transactions		Balances as on	
	2010-11	2009-10	31.03.2011	31.03.2010
Incomes:				
Sales (Inclusive of sales tax)/ Debtors				
Sangam Spinfab Limited	35.67	163.28	-	12.38
Interest income / Receivables				
Sangam Spinfab Limited	0.43	0.75	-	0.68
Expenses:				
Director's Remuneration				
Shri Gourishankar Poddar - Chairman & Managing Director	20.16	20.16	-	-
Salary				
Shri Sushil Kumar Kanodia – Executive Officer	5.28	4.30	-	-
Rent: Gourishankar Poddar HUF	1.50	1.50	-	-
Interest expense/ payables				
Sangam Spinfab Limited	49.14	19.55	44.23	17.59
Loans and advances				
Deposits given:				
Gourishankar Poddar HUF	-	-	10.00	10.00
Loans taken				
Sangam Spinfab Limited	857.00	900.00	745.00	230.00
Raj Money Market Limited	74.00	172.00	-	-
Investments in Shares				
Raj Money Market Limited	-	-	10.01	10.01
Sangam Spinfab Limited	-	-	7.00	7.00
Outstanding Share warrants				
Raj Money Market Limited	26.90	-	26.90	9.47
Conversion of Share warrants into Share capital				
Raj Money Market Limited	94.65	89.90	-	-

6. No commission has been paid to the directors and only the remuneration by way of salary and perquisites has been paid to the directors as per the section 198, 309 and Schedule XIII of the Companies Act, 1956 as under:

(₹ in lacs)

	2010-2011	2009-2010
a) Salaries	18.00	18.00
b) Contribution to provident fund	2.16	2.16

Note:

Managerial remuneration does not include gratuity benefits since the same are computed on the basis of actuarial valuation for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

7. Income tax matters:

- a) Regular assessments of the return of income filed by the company have been completed up to assessment year ("AY") 2008-2009;



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- b) Application for giving effect to the order of CIT(A) for assessment year 2004-2005 is pending before the Assessing Officer. Since the appeal was decided in favour of the company, the income tax demand of ₹ 25.47 lacs will become nil.
- c) Application for giving effect to the order of CIT(A) for assessment year 2007-2008 is pending before the Assessing Officer. Since the appeal was partly decided in favour of the company and company has already made full payment of demand, there will not be any tax liability.
8. The Company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Accounting Standard (AS-17) 'Segment Reporting' not applicable to the Company.
9. Dadra unit, Amla Unit and Surangi Unit are also called by the name Unit-I, Unit-II and Unit-IV respectively.
10. Preferential allotment of share warrants in accordance with the provisions of SEBI (ICDR) Guidelines, 2009:
- a) During the year, 9,46,500 equity share warrants of ₹ 10/- each were converted into equity share of ₹ 10/- each which were outstanding at the beginning of the year;
- b) During the year, the company has allotted ₹ 1,03,90,000 share warrants of ₹ 17/-, each share warrant is convertible into one equity share of ₹ 10/- at a premium of ₹ 7/- at the option of warrant holders to be exercised within a period of not more than 18 months from the date of allotment of share warrants.
- c) The company received application money of ₹ 4.25 per warrant.
- d) As approved by the shareholders, the equity shares issued / to be issued against the warrants will rank pari passu in all respect including dividend with the existing equity shares of the Company;
- e) The proceeds from the above preferential issue are being used for meeting the capital expenditure as well as working capital requirements.
11. Acceptances, other than the acceptances under letter of credit issued by consortium bankers, from SBI Global Factors Ltd are personally guaranteed by Chairman & Managing Director and one non-executive director.
12. Based on the information available with the Company in response to the enquires from all existing suppliers with whom Company deals, there are no suppliers who are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006', as at 31st March, 2011.
13. **Earning per share (EPS):**

Particulars	Unit	For 2010-2011	For 2009-2010
Net profit after tax	₹	40638019.81	31244315
Add/(Less): Tax adjustments for earlier year (net)	₹	(45440)	(6105576)
Add/(Less): Prior period adjustments (net)	₹	Nil	19136
Profit attributable to shareholders (Rupees)	₹	40592579.81	25157874
Weighted average no. of shares used in computing basic earnings per share (Face value of ₹ 10/-)	Numbers	18687978	17596975
Effect of potential equity shares on allotment of warrants	Numbers	1091955	94650
Weighted average no. of shares used in computing diluted earnings per share (Face value of ₹ 10/-)	Numbers	19779933	17691625
Basic earnings per share	₹	2.17	1.43
Diluted earnings per share	₹	2.05	1.42

14. Bank balances does not include ₹ 386690.40 (₹ 305987.00) lying in dividend accounts pertaining to financial year 2003-2004 to 2009-2010 with a scheduled bank in the current accounts and also ₹ 369500.00 (₹ 369500.00) lying in refund accounts for refund of application monies related to public issue of the company in the year 2005-2006.
15. Immovable properties represent residential flats towards which uncalled money payable by the company to the developers is ₹ Nil (₹ 8.03 lacs).
16. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

a.) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:

(₹ in lacs)

Employer's Contribution to Provident Fund	21.75
Employer's Contribution to superannuation Fund	0.00
Employer's Contribution to Pension Fund	0.00

b.) Defined Benefit Plan

Leave Encashment:

During the year 2010-11, the amount paid to employees as leave encashment is ₹ 2.59 lacs.

Gratuity:

The employee's gratuity scheme is non -fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I. Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in lacs)

	Gratuity (Unfunded)
Defined Benefit obligation at beginning of the year	20.34
Current Service Cost	5.58
Interest Cost	2.12
Actuarial loss /(gain)	(5.93)
Past Service Cost	2.49
Benefits paid	(1.42)
Settlement cost	0.00
Defined Benefit obligation at year end	23.18



II. Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lacs)

	Gratuity (Unfunded)
Fair value of plan assets at beginning of the year	0.00
Expected return on plan assets	0.00
Actuarial gain / (loss)	0.00
Employer contribution	1.42
Benefits paid	(1.42)
Fair value of plan assets at year end	0.00
Actual return on plan assets	0.00

III. Reconciliation of fair value of assets and obligations

(₹ in lacs)

	Gratuity (Unfunded)
Fair value of plan assets	0.00
Present value of obligation	23.18
Amount recognised in balance sheet	23.18

IV. Expense recognised during the year (Under the head "Payments to and Provisions for Employees" Refer Schedule '16')

(₹ in lacs)

	Gratuity (Unfunded)
Current Service Cost	5.59
Interest Cost	2.12
Expected return on plan assets	0.00
Actuarial losses / (gain)	(5.93)
Past Service Cost	2.49
Net Cost	4.27

V. Actuarial assumption

	Gratuity (Unfunded)
Mortality Table (LIC)	
LIC 1994-96	
Mortality Table	
Discount rate (per annum)	8.30%
Expected return on plan assets (per annum)	--
Rate of escalation in salary (per annum)	7%

The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

17. Financial and derivative contracts:

a) The Forward Exchange Contract (the "FEC") entered into by the company and outstanding on 31st March 2011 is as under:

Particulars	Type	As on 31 st March, 2011			As on 31 st March, 2010		
		No. of contracts	US \$	₹ in lacs	No. of contracts	US \$	₹ in lacs
Forward contract	Buy	1	2810000.00	1269.28	6	10920000	4902.59
Forward contract	Sell	26	1764691.87	793.93	25	1346525	605.96

b) Premium / discount, (difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract), paid to hedge the risk associated with foreign currency fluctuations relating to certain firm commitment, of FEC amortised over the life of the contract, pertaining to the year under review has been accounted for under the head Financial Charges.

18. The company has, during the year, installed additional 5 PTY and 6 twisting machines at its Surangi Unit and Dadra unit respectively, the commercial production of these machines commenced from 1st March, 2011. Interest of ₹ 43.66 lacs on the loans raised for this expansion up to commencement of commercial production was capitalised. The amount of capital work in progress at the end of the year was as under:

Head under which recorded	(₹ in lacs)
Electrical Installation WIP - (PTY)	20.11
Factory Building- WIP (PTY)	88.09
Plant & Machinery -WIP (FDY-III)	409.39
Plant & Machinery- WIP (PTY)	55.60
Preoperative Exp in WIP	32.44
Factory Building- WIP (Twisting)	4.86
Plant & Machinery- WIP(Twisting)	4.19
Electrical Installation - WIP (Twisting)	0.52
Total	615.22

19. Miscellaneous income represents dividend ₹ 150/- (₹ 150/-), gain/loss on LC ₹ Nil (₹ 82495/-), rent ₹ Nil (₹ 35000/-) and sundry balances written off ₹ 713203.17 (₹ 42925.90).

20. Figures for the previous year have been regrouped, rearranged and recasted wherever necessary to make them comparable with the figures of the current year.



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21. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956. (Figures in brackets indicate previous year's figures.)

a) Licensed and installed capacity:

The company is not required to obtain any license under the Industries (Development & Regulation) Act, 1951, therefore the details of licensed and installed capacity are not applicable. However the company has filed the required Industrial Entrepreneurs' Memorandum (IEM) to the Government of India, Ministry of Industry, and Secretariat for Industrial Approvals and obtained the acknowledgement for the same.

b) Production Turnover and stock (As taken and certified by the Management)

Particulars	Unit	Opening Stock		Purchase(Net)		Production	Consumption		Sales(Net)*		Closing Stock	
		Quantity	Value	Quantity	Value		Quantity	Value	Quantity	Value	Quantity	Value
RAW MATERIAL												
Chips	Kgs.	1506666.470 (859245.100)	109236402.29 (48130324.09)	38018459.450 (34542010.120)	2513386412.79 (1909942586.00)	- (-)	39278810.835 (34367465.692)	98900.000 (-)	6298701.00 (-)	1027858.170 (1506666.470)	103526145.00 (109236402.29)	
P.O.Y.	Kgs.	55499.810 (80855.625)	4558395.00 (5334908.65)	- (202221.170)	(13419467.00)	25271383.489 (22567937.161)	24563796.58 (22679300.193)	- (-)	- (-)	639880.205 (55499.810)	67947300.00 (4558395.00)	
Yarn Oil	Kgs.	30357.000 (31726.000)	1594335.50 (1504021.27)	901170.00 (983205.000)	50946164.00 (50509574.00)	- (-)	904915.123 (1004091.477)	- (-)	- (-)	23295.000 (30357.000)	1528484.00 (1594335.50)	
Spin Finish Oil	Kgs.	43139.000 (24018.000)	5618728.42 (3145065.42)	352833.00 (341657.500)	43661139.00 (44684226.00)	- (-)	401244.079 (304726.723)	- (-)	- (-)	26048.000 (43139.000)	3417731.000 (5618728.42)	
WORK IN PROGRESS												
Chips	Kgs.	1012070.058 (1484947.000)	74129484.28 (92816110.26)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	131626.973 (1012070.058)	19101033.00 (74129484.28)	
P.O.Y.	Kgs.	1144282.110 (1028068.157)	93095366.15 (71953236.33)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1267488.626 (1144282.110)	141313474.00 (93095366.15)	
Yarn Oil	Kgs.	5352.072 (24869.549)	270016.60 (1210984.07)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8668.949 (5352.072)	541809.00 (270016.60)	
Spin Finish Oil	Kgs.	32639.336 (14829.559)	3932840.12 (1848371.06)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1319.257 (32639.336)	159102.00 (3932840.12)	
FINISHED GOODS												
Texturised Yarn	Kgs.	961229.290 (899855.302)	94043358.60 (70295836.48)	1564634.140 (120.000)	149122279.00 (11880.00)	26900957.223 (24032946.056)	- (-)	27859007.564 (23971692.068)	2761138290.83 (1978126770.34)	1567813.089 (961229.290)	193059223.00 (94043358.60)	
P.O.Y. & F.D.Y.	Kgs.	784895.128 (495869.721)	68214136.98 (33593521.15)	- (-)	- (-)	14408893.025 (12436029.836)	779163.253 (46001.616)	13400571.04 (12101002.813)	1106547125.73 (919580691.64)	1014053.860 (784895.128)	116922263.00 (68214136.98)	
Fabric	Mtrs.	866079.680 (49098.800)	61981022.56 (3282461.00)	7718590.080 (8112911.460)	698724240.00 (603876111.00)	- (-)	- (-)	7540848.360 (7295930.580)	695499669.95 (560313218.08)	1043821.400 (866079.680)	101365179.00 (61981022.56)	

Notes:
 @ Excluding 25271383.494 Kgs. (excluding 22615247.392 Kgs.) inter unit transfer for further process and excluding 1936399.27 Kgs (excluding Nil Kgs.) Job work for outsiders
 # Including 25271383.494 Kgs. (including 22615247.392 Kgs.) inter unit transfer for further process.
 * Sales does not includes scrap and other sales Rs. 11266182.65.
 \$ including 619632.583 Kgs (Nil Kgs) Job work from outsiders
 1. Amount of sales is inclusive of excise duty.



18TH ANNUAL REPORT 2010-2011

c) Raw Material Consumed

	Particulars	Quantity in Kgs.		Value (₹)	
		2010-2011	2009-2010	2010-2011	2009-2010
(i)	Chips	39,278,810.84	34,367,465.69	2,456,219,407.51	1,847,157,517.61
(ii)	P. O. Y.	-	202,221.17	-	13,419,467.00
(iii)	Yarn Oil	904,915.12	1,004,091.48	50,740,223.10	51,360,227.24
(iv)	Spin Finish Oil	401,244.08	304,726.72	49,635,874.54	40,126,093.94

d) Value of raw material, spare parts, components consumable and % of the total

	Particulars	2010-2011		2009-2010	
		₹	% of Total	₹	% of Total
(i)	Raw Material				
	Imported	22,144,619.00	0.87	29,435,289.00	1.51
	Indigenous	2,534,450,886.15	99.13	1,922,628,016.79	98.49
	Total	2,556,595,505.15	100.00	1,952,063,305.79	100.00
(ii)	Stores & Spares				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	27,081,505.95	100.00	35,853,522.38	100.00
	Total	27,081,505.95	100.00	35,853,522.38	100.00

e) C.I.F. Value of Imports

	Particulars	Quantity		Value (₹)	
		2010-2011	2009-2010	2010-2011	2009-2010
(i)	Raw Material -				
	Spin-finish oil Ltrs.	133430	233780	15,785,697.80	29,435,289.00
(ii)	Capital Goods - Nos.				
	FDY Lines	0	4	-	173,883,000.00
	Candle Filter + Insert	0	130	-	421,986.00
	Chiller	1	1	4,843,167.53	4,582,325.00
	Traverse Guide	22,000	0	232,507.00	-
	Heat Cutter & Blade	-	1	-	24,172.00
	PT Sensor	2	0	120,596.80	0.00
	Nok F-Tech Valve	-	90**	-	317960.66**
	Guide	-	115,026	-	3,465,699.00
	Roller Guide	-	320*	-	191838*
	Pressure Trans Ducer	-	19	-	805,035.00
	Pressure Trans Ducer	30*	-	433,969.90	-
	Pressure Trans Ducer	115**	15**	2,105,009.00	431572.92**
	Insert + Button	2320	-	325,686.30	-
	Insert + Button	750*	2,700	209,037.51	445,470.00
	Turbo Compressor	0	1	-	5,160,945.00
	Turbo Compressor	1*	-	6,517,800.00	-
	Turbo Compressor	0	1**	-	4452280.5**
	Spare parts Catalogue	459	171	1,926,629.26	1,723,372.00
	Spare parts Catalogue	111**	-	374,394.00	-
	Spinnerets	1179	456	2,149,086.98	4103708.00
	Spinnerets	300*	100*	676,425.00	203799*
	Spinnerets	0	300**	-	677875**
	S. S. Powder	0	1,200	-	283,170.00
	S. S. Powder	0	1500**	-	1055273.63**
	Pac Preheating Over	0	2*	-	257600.00*
	Daiphragm Sigma	7	0	43,280.11	0.00
	Daiphragm Sigma	17**	-	69,983.00	-
	Solenoid Guide	116	-	645,660.88	-
	MB Dryer And Dosing	2**	-	770,108.00	-
(iii)	Stores & Spares - Nos.				
	S. S. Powder	4500*	1800*	1,040,557.50	588276.00*
	Traverse Guide	15,100	-	159,051.93	-

*including advance payment made in earlier year.

**advance payment made.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

f) Earning in Foreign Exchange

(₹ in lacs)

	2010-2011	2009-2010
FOB value of exports	3548.10	1415.53
*including ₹ 160.85 lacs (₹ 350.45 lacs) based on shipping bill for which BRCs are pending-		

g) Expenditure in Foreign Exchange :

- (i) On account of foreign travelling expenses amounting to ₹ 8.51 lacs (₹ 12.21 lacs).
- (ii) On account of interest on FCNRB term loan ₹ 121.80 lacs, excluding ₹ Nil capitalised (₹ 59.37 lacs), PCFC ₹ 0.96 lacs (₹ Nil) and on cash credit FCNRB ₹ 81.96 lacs (₹ 246.56 lacs) [Section 195 of the Income Tax Act, 1961 is not applicable as the interest is not directly remitted by the company to non-resident but recovered by the bank].
- (iii) On account of commission on export sales ₹ 23.31 lacs (₹ 21.81 lacs).

h) No. of Foreign shareholding :

As at 31.03.2011

As at 31.03.2010

- | | | |
|-----------|--------|--------|
| (i) FIIs | Nil | 479789 |
| (ii) NRIs | 603465 | 180564 |

22. In the financial statements, any discrepancies in any total and the sum of the amounts listed are due to rounding off.



18TH ANNUAL REPORT 2010-2011

23. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

a) Registration Details

Registration No. : 000368 State Code : 54
(Formerly 73489 of 1993 State Code : 11)
Balance Sheet Date : 31.03.2011

b) Capital raised during the year

	(Amount in ₹ thousands)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	9465

c) Position of Mobilisation and Deployment of funds

	(Amount in ₹ thousands)
Total Liabilities	3595896
Total Assets	3595896

Source of funds

	(Amount in ₹ thousands)
Paid up capital	189447
Reserves & Surplus	704211
Share warrant Application Money	44158
Secured Loans	1359043
Unsecured Loans	339054
Deferred Tax Liability (Net)	86847
Total	<u>2722760</u>

Application of Funds

	(Amount in ₹ thousands)
Net Fixed Assets	1704707
Investments	19037
Net Current Assets	999015
Total	<u>2722760</u>

d) Performance of Company

	(Amount in ₹ thousands)
Turnover and other income	4336869
Total Expenditure	4268552
Profit /(Loss) before tax	68316
Profit /(Loss) after tax(#)	40638
Earning per share in basic	2.17
Earning per share in Rs.	
Dividend rate %	3%
(#) Including deferred tax provision	

e) Generic name of Principal Product of Company (as per monetary terms)

Item Code No. : 3062 (NIC)
Product Description : POY, FDY. DWY and PTY

Signatures to Schedules 1 to 22

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

Firm Registration Number-100156W

GOURISHANKAR PODDAR

Chairman & Managing Director

RAJKUMARI KANODIA

Director

R.S.Agrawal

Partner

Membership no.: 33216

Mumbai, 26th May, 2011

GITA YADAV

Company Secretary

Mumbai, 26th May, 2011



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

RAJ RAYON INDUSTRIES LIMITED

Regd. Off: Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230

Date: 26th May, 2011

Dear Shareholders

Re: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. The companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

In this regards all the shareholders of the Company holding share(s) in physical form are requested to provide or update their e-mail address with the Company or its Registrar and Share Transfer Agents:

Raj Rayon Industries Limited

5C- 196/197, Akshay Mittal Industrial Estate,
Sakinaka, Andheri (East),
Mumbai-400059
Tel: 91-22- 40343434
Fax: 91-22- 40343400
Email id: investors@rajrayon.com

Link Intime India Private Limited

(Unit: Raj Rayon Industries Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel: 91-22- 25946970-78
Fax: 91-22- 25946969
Email: rnt.helpdesk@linkintime.co.in

Shareholders holding Company's share(s) in electronic form and have registered their email address in the records of the Depositories viz. NSDL / CDSL which has been made available to us by them. Please inform any changes in your e-mail address to your Depository Participant from time to time.

If any Shareholder is not interested in receiving Balance Sheet through e-mail they can inform the Company well in advance, so that the Company can provide them hard copy. Also if the Shareholders addresses are changed they are requested to update the same.

As a Shareholder of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

The Annual Report of the Company would also be made available on the Company's website: www.rajrayon.com .

Thanking You

Your Faithfully

For Raj Rayon Industries Limited

(Formerly known as Raj Rayon Limited)

Sd/-

Gita Yadav

Company Secretary & Compliance Officer

**RAJ RAYON INDUSTRIES LIMITED**

Reg. Off: Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230

NECS MANDATE FORM FOR PAYMENT OF DIVIDEND

To,

**Link Intime India Private Limited
(Unit: Raj Rayon Industries Limited)**C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078
Tel: 91-22- 25946970

I hereby authorise you to make all dividend related payments in respect of my holding in your Company to my bankers for crediting to my account as detailed below:

1.	Shareholder's Name including Joint holders (In Block Letters)	:	
2.	Folio Number	:	
3.	No. of Shares Held	:	
4.	Name of the Bank	:	
5.	Branch Name & Address	:	
6.	Account Type [Mark 'X' in the appropriate box]	:	SB A/c _____ Current A/c _____ Others _____ (Please specify)
7.	Bank Account Number	:	
8.	MICR Code (9 digit code number of the Bank & Branch appearing on the cheque)	:	
9.	PAN No.	:	
10.	E-Mail Id	:	

I/We hereby declare that the particulars given above are correct and complete, if credit is not effected for the reason(s) of incomplete or incorrect information. I/We would not hold the company responsible.

**Signature of the First Holder
(As appearing in the Company's record)**

Dated:

Note:

- 1) Please attach a photocopy of cheque issued by your Bank relating to your above account for verifying the accuracy of the MICR code number.
- 2) In case of shares held in Demat form and who wish to change their NECS instructions, they are requested to intimate the same to their Depository Participants. Hence they need not fill in and send this form to the Registrar and Share Transfer Agent.
- 3) Kindly return the duly filled in form to the Company's Registrar and Share Transfer Agent at their address mentioned above.
- 4) Please ensure to fill in all the details in the NECS Mandate Form. No NECS Mandate would be taken on record in case of any inadequacy of details.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Regd. Office : Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230

ATTENDANCE SLIP

I hereby certify that I am a registered member /proxy for the registered member of the Company.

I hereby record my presence at the **18th Annual General Meeting** of the Company on Thursday, 15th September, 2011 at 11.30 a.m. at registered office of the Company at Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA).

Name of the Attending Shareholder : _____
(In Block Letters)

Name of the Proxy : _____
(If the proxy attends instead of the Shareholder)

Signature of the Shareholder / Proxy

Ledger Folio No. : _____

* DP ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic Form

Notes: Shareholders/ Proxy holders are requested to bring the Attendance Slips with them, duly completed and handover the same at the entrance of the Meeting Hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the meeting.

Tear Off



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Regd. Office : Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230

PROXY FORM

I / We _____ of _____

being a member / members of **Raj Rayon Industries Limited**, hereby appoint _____ of _____

or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the **18th Annual General Meeting** to be held on Thursday, 15th September, 2011 at 11.30 a.m. at registered office of the Company at Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA).

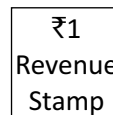
Signed this _____ day of _____ 2011

Ledger Folio No. : _____

* DP ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic form



Signature

Note: The proxy form must be deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST

If undelivered, please return to:

LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai.
Maharashtra (India), PIN 400 078.

RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

Website: www.rajrayon.com